

PERFORMANCE REPORT

Independent
advice for the
institutional
investor

**Milwaukee County
Deferred
Compensation Plan**

Fourth Quarter 2008

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All rates of return presented in this report for time periods greater than one year are annualized. Mutual fund rates of return are provided by Morningstar. Rates of return for the North Shore Savings Fund and the Stable Value Fund are provided by the investment manager. All rates of return contained in this report are net of investment management fees. Percentages in some exhibits may not add to 100% because of rounding.

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INVESTMENT HIGHLIGHTS

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
North Shore Savings Fund	0.5%	2.0%	3.1%	2.7%
iMoney Net Money Fund Average	0.3	2.0	3.5	2.6
Stable Value Fund	1.2	4.8	4.8	4.6
EnnisKnupp GIC Index	1.2	4.7	4.5	4.2
PIMCO Total Return Fund Instl	5.0	4.8	5.8	5.0
Barclays Capital Aggregate Bond Index	4.6	5.2	5.5	4.7

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
TRP PS Income	-11.0%	-20.4%	-2.2%	1.6%
Custom Benchmark	-7.5	-14.9	-0.3	2.1
TRP PS Balanced	-16.5	-29.3	-5.2	0.4
Custom Benchmark	-12.5	-23.2	-2.8	1.2
TRP PS Growth	-22.2	-37.6	-8.4	-1.0
Custom Benchmark	-17.3	-30.8	-5.4	0.1

Benchmark descriptions can be found in the Appendix.

INVESTMENT HIGHLIGHTS

RETURN SUMMARY ENDING 12/31/08

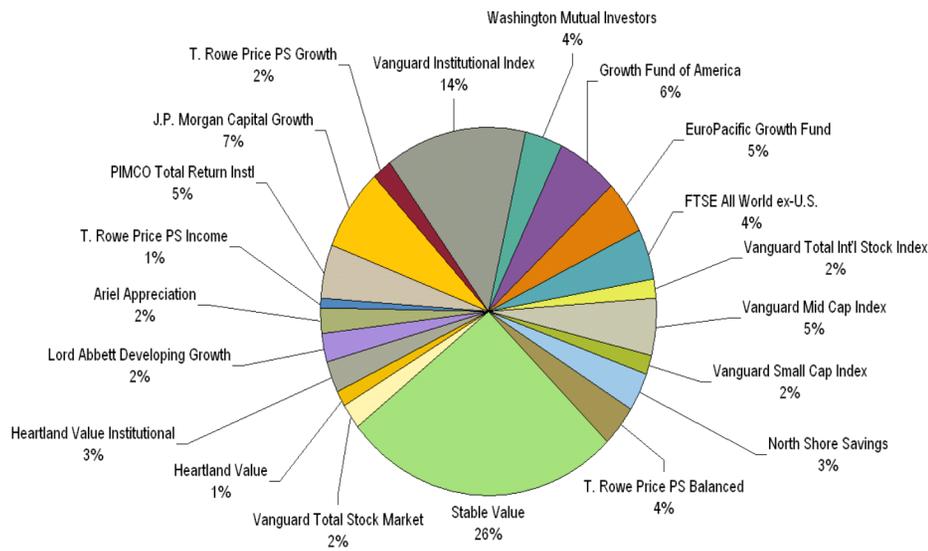
	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Washington Mutual Investors Fund	-20.2 %	-33.1 %	-6.4 %	-1.3 %
Russell 1000 Value Index	-22.2	-36.8	-8.3	-0.8
Vanguard Institutional Index Fund	-21.9	-37.0	-8.3	-2.2
S&P 500 Index	-21.9	-37.0	-8.4	-2.2
Growth Fund of America	-23.0	-38.9	-8.9	-0.6
Russell 1000 Growth Index	-22.8	-38.4	-9.1	-3.4
Vanguard Total Stock Market Index Fund	-22.7	-36.9	-8.3	-1.7
Performance Benchmark	-22.8	-37.0	-8.4	-1.7
J.P. Morgan Capital Growth Fund	-26.9	-43.7	-9.9	-1.3
Performance Benchmark	-27.4	-44.3	-11.8	-2.3
Vanguard Mid Cap Index Fund	-25.6	-41.8	-11.0	-0.7
MSCI U.S. Mid Cap 450 Index	-25.6	-41.8	-11.1	-0.7
Vanguard Small Cap Index Fund	-26.6	-36.0	-9.1	-0.7
Small-Cap Index	-26.7	-36.2	-9.2	-0.7
Lord Abbett Developing Growth Fund	-28.6	-47.5	-7.1	-1.0
Russell 2000 Growth Index	-27.4	-38.5	-9.3	-2.4
Heartland Value Institutional Fund	-26.7	-39.4	-9.8	-4.0
Russell 2000 Value Index	-24.9	-28.9	-7.5	0.3

RETURN SUMMARY ENDING 12/31/08

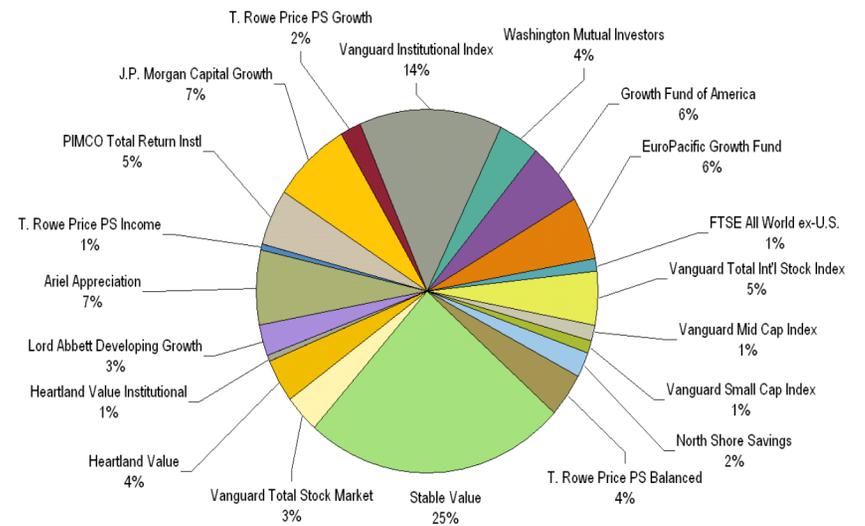
	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
EuroPacific Growth Fund	-19.2 %	-40.4 %	-4.6 %	4.8 %
MSCI All Country World ex-U.S. Index	-22.3	-45.5	-7.0	2.6
Vanguard FTSE All World ex-U.S. Index	-21.9	-44.0	--	--
FTSE All World ex-U.S. Index	-22.3	-45.3	-6.1	3.4

Benchmark descriptions can be found in the Appendix.

**Contributions by Investment Option
Fourth Quarter 2008**

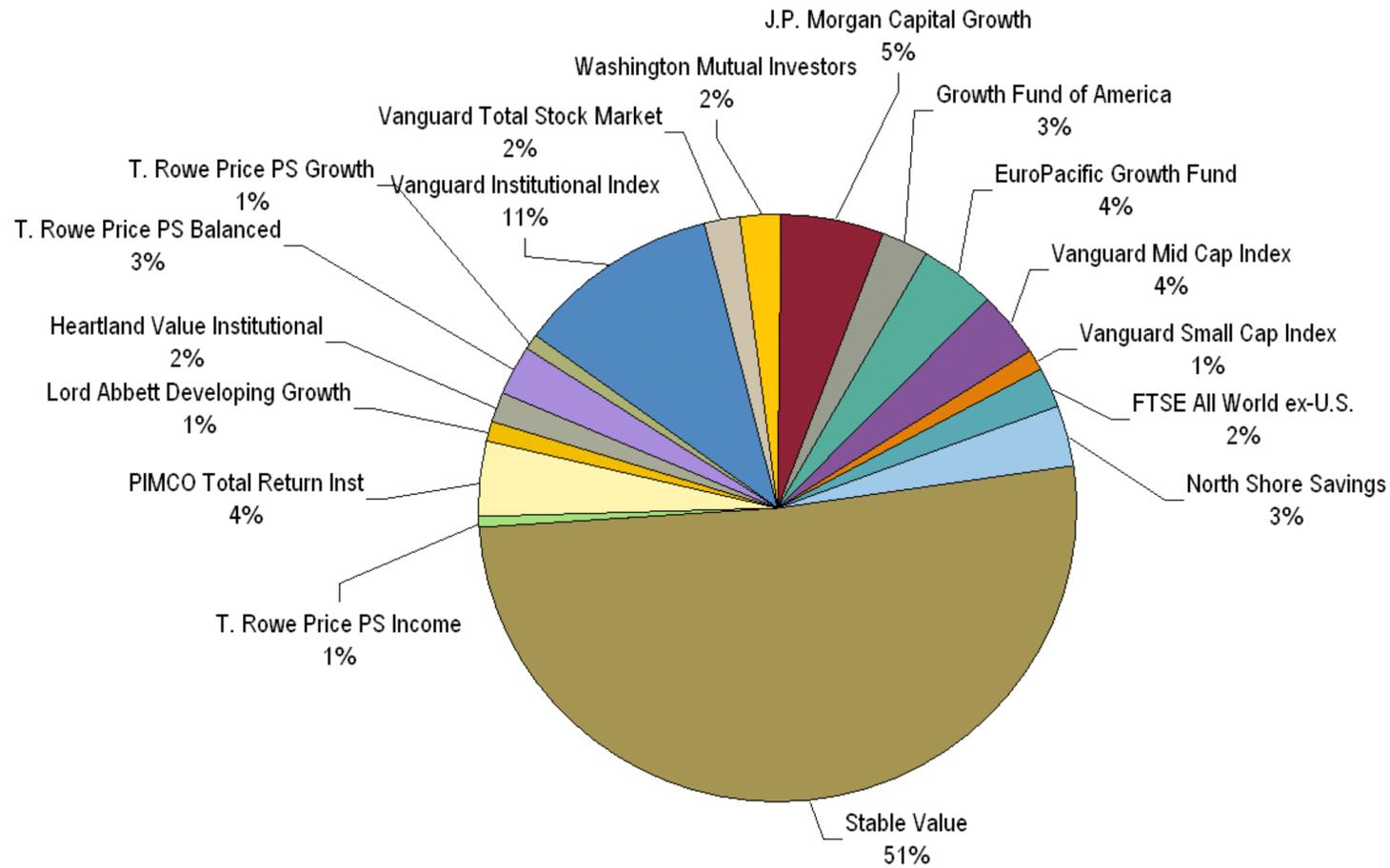


**Contributions by Investment Option
2008**

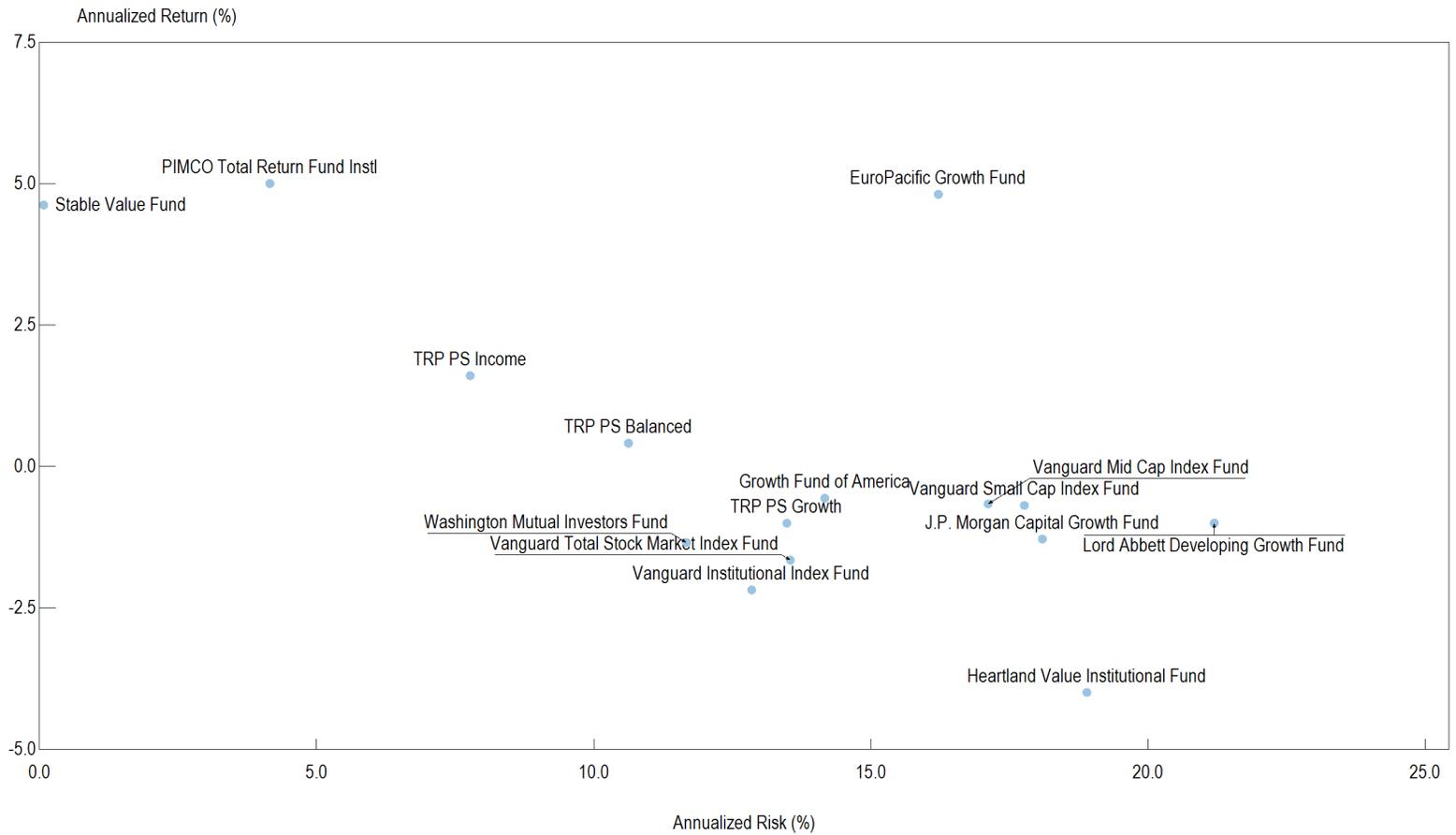


INVESTMENT HIGHLIGHTS

Asset Allocation Milwaukee County Investment Options Fourth Quarter 2008



**ANNUALIZED RISK RETURN
5 YEARS ENDING 12/31/08**



INVESTMENT HIGHLIGHTS

Change in Market Value

Investment Fund	September 30, 2008	Net Contributions/ Withdrawals	Net Income/ Appreciation*	December 31, 2008
North Shore Savings	4,977,605	1,158,152	30,929	6,166,685
Stable Value	91,159,857	1,768,154	1,079,172	94,007,182
T. Rowe Price PS Income	1,219,297	48,441	(133,119)	1,134,619
PIMCO Total Return Inst	8,050,605	(421,263)	382,831	8,012,173
Heartland Value	5,088,086	(3,503,330)	(1,584,756)	0
Heartland Value Institutional	0	3,188,929	191,355	3,380,284
Lord Abbett Developing Growth	3,006,610	(437,035)	(895,041)	1,674,534
Ariel Appreciation	10,429,786	(7,387,302)	(3,042,484)	0
T. Rowe Price PS Balanced	6,299,004	(498,036)	(1,038,506)	4,762,462
T. Rowe Price PS Growth	2,561,012	(37,276)	(565,753)	1,957,983
Vanguard Institutional Index	25,463,996	383,835	(5,520,178)	20,327,653
Vanguard Total Stock Market	4,441,924	58,136	(1,015,690)	3,484,370
Washington Mutual Investors	5,193,042	174,474	(1,032,746)	4,334,770
J.P. Morgan Capital Growth	14,829,863	(691,190)	(4,014,898)	10,123,775
Growth Fund of America	5,816,116	169,939	(1,351,524)	4,634,530
EuroPacific Growth Fund	9,540,948	(60,287)	(1,832,164)	7,648,497
FTSE All World ex-U.S. Index	0	3,851,554	280,962	4,132,516
Vanguard Total Intl Stock Index	5,121,375	(3,759,810)	(1,361,565)	0
Vanguard Mid Cap Index	0	6,503,597	123,243	6,626,840
Vanguard Small Cap Index	1,340,787	931,919	(272,448)	2,000,258
Total	204,539,912	1,441,601	(21,572,379)	184,409,134

Fees

Fund Name	Plan Balance (\$ thousands)	Expense Ratio	Revenue Sharing Fees	\$ Fee on Expense Ratio	Dollar Revenue
North Shore Savings	\$ 6,167	0.00%	0.00%	\$ -	\$ -
Stable Value	94,007	0.40%	0.00%	376,029	-
PIMCO Total Return Inst	8,012	0.46%	0.00%	36,856	-
TRP PS Income	1,135	0.77%	0.10%	8,737	1,135
TRP PS Balanced	4,762	0.81%	0.10%	38,576	4,762
TRP PS Growth	1,958	0.86%	0.10%	16,839	1,958
Washington Mutual	4,335	0.57%	0.33%	24,708	14,305
Heartland Value Institutional	3,380	0.89%	0.10%	30,085	3,380
Lord Abbett	1,675	1.19%	0.40%	19,927	6,698
FTSE All World ex-U.S. Index	4,133	0.15%	0.00%	6,199	-
Vanguard Institutional	20,328	0.05%	0.00%	10,164	-
Vanguard Total Stock Market	3,484	0.05%	0.00%	1,742	-
JP Morgan Capital Growth	10,124	1.14%	0.50%	115,411	50,619
Vanguard Mid Cap Index	6,627	0.07%	0.00%	4,639	-
Growth Fund of America (R5)	4,635	0.35%	0.05%	16,221	2,317
Vanguard Small Cap Index	2,000	0.11%	0.00%	2,200	-
EuroPacific Growth Fund (R5)	7,648	0.51%	0.05%	39,007	3,824
Total	\$ 184,409	0.41%		\$ 747,339	\$ 88,999
Total as a Percent				0.41%	0.05%

Investment Management Fee Net of Revenue Sharing	(\$ Fee on Expense Ratio - Dollar Revenue Sharing)	\$ 658,340
<i>Net Investment Management Fee as a Percent of Plan Assets</i>		0.36%

Great West Revenue Sharing Cap**	\$ 125,000 *
<i>Capped Revenue Sharing as a Percent of Plan Assets</i>	0.07%
Revenue Sharing Returned to the County	\$ -
<i>Returned Revenue Sharing as a Percent of Plan Assets</i>	0.00%

*Effective April 2007, the committee approved a fee holiday on the \$20 flat fee and the asset based fee of 0.24% charged to participants. All information in the above table is as reported by Great West.

** Exclusive of 20 bps revenue Great West receives for the Stable Value Fund.

MARKET ENVIRONMENT
Fourth Quarter 2008

MARKET ENVIRONMENT

OVERVIEW

MAJOR MARKET RETURNS

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08	10 Years Ending 12/31/08
Dow Jones Wilshire 5000 Index	-22.9 %	-37.2 %	-8.4 %	-1.7 %	-0.6 %
MSCI All Country World ex-U.S. Index	-22.3	-45.5	-7.0	2.6	1.9
MSCI EAFE Index	-20.0	-43.4	-7.4	1.7	0.8
MSCI Emerging Markets Index	-27.6	-53.3	-4.9	7.7	9.0
MSCI All Country World Index	-22.4	-42.2	-7.9	-0.1	-0.2
Barclays Capital Aggregate Bond Index	4.6	5.2	5.5	4.7	5.6

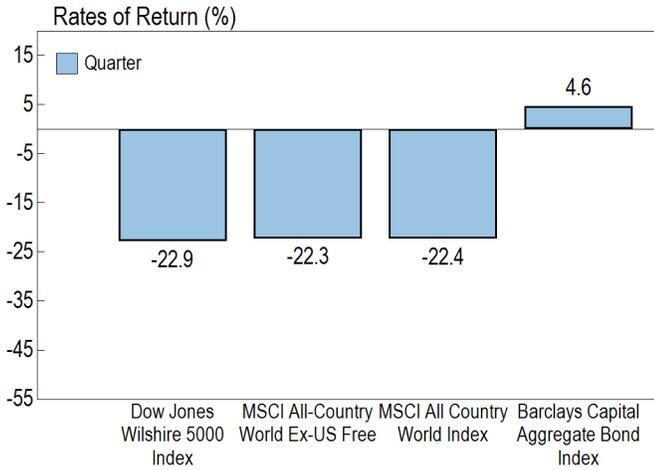
The U.S. broad equity market suffered through one of its worst quarters with most major indices losing more than one fifth of their value. An exceptionally bleak October and November were followed by comparatively small gains in December as the U.S. government allocated \$17.4 billion in TARP (Troubled Asset Relief Program) funds to aid the ailing auto industry, ending the year on an optimistic note. The Federal Reserve Open Markets Committee cut the target federal funds rate by 50 basis points twice during the month of October bringing the rate to 1.5% on the 8th and 1.0% on the 29th. On December 16th, in an unprecedented move, the target rate was cut to a range of 0-0.25%.

The Dow Jones Wilshire 5000 Index ended the year down 22.9% in the fourth quarter, by far the worst performing quarter of 2008. The majority of this decline occurred in October as the markets struggled to digest September's turmoil. Value and growth stocks kept pace in their retreat with value outperforming over the one-year period. Small cap value stocks declined the least over the one-year period, with a return of -28.9%. Consumer durables and financials were the weakest performing sectors at -36.1% and -32.4% respectively, while utilities delivered a strong relative return at -8.5% for the quarter. The DJ Wilshire 5000 Index hit its low for the year in mid-November, reaching levels not seen since 2003. Its total return for the year was -37.2%. It is worth noting that the Index's trailing ten year return is -0.6%.

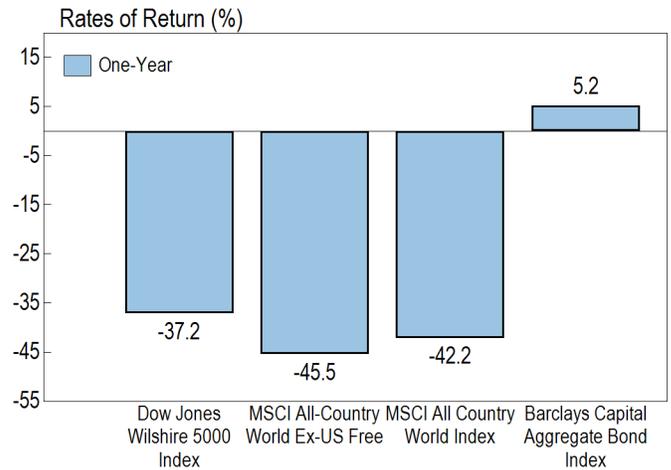
International markets roughly matched their U.S. counterparts for the quarter, though with slightly more volatility. The MSCI All Country World ex-U.S. Index returned -22.3% in the fourth quarter and -45.5% for the year, underperforming the U.S. equity market by 8.3 percentage points for the year. Frontier and emerging markets fared the worst during these periods with the Eastern Europe and Middle East, and Latin American regions yielding quarterly returns of -41.9% and -34.1%, respectively. Japan declined the least with a return of -9.0%. No international regions yielded positive returns for the fourth quarter.

The domestic fixed income market, as measured by the Barclays Capital Aggregate Bond Index (formerly the Lehman Brothers Aggregate Bond Index), strongly outperformed all major equity indices, returning 4.6% during the fourth quarter and 5.2% for the year. The government and mortgage sectors were the strongest performers for the quarter, returning 8.1% and 4.3%, respectively. Below-investment grade corporate bonds and commercial mortgages fared the worst at -17.9% and -13.5%, respectively. Corporate bonds, both high-yield and investment grade, performed poorly during the quarter, with steep losses during October and November before moderate gains during December. Treasury yields approached record lows and yields fell across all maturities as investors flocked to the security of U.S. government bonds during the quarter.

**MAJOR MARKET RETURNS
FOURTH QUARTER**

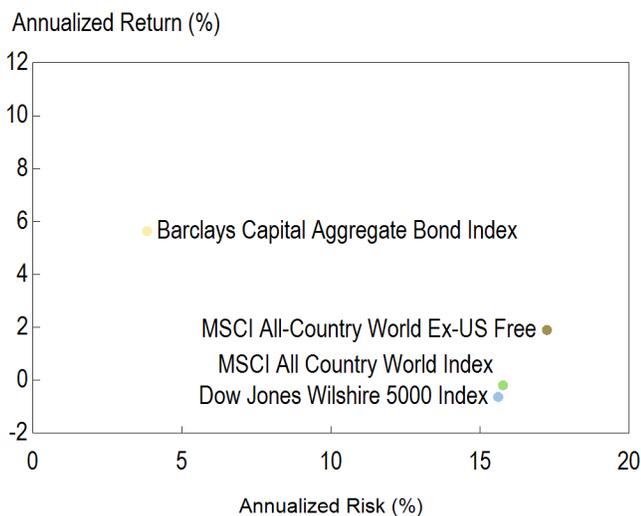


**MAJOR MARKET RETURNS
ONE-YEAR ENDING 12/31/08**

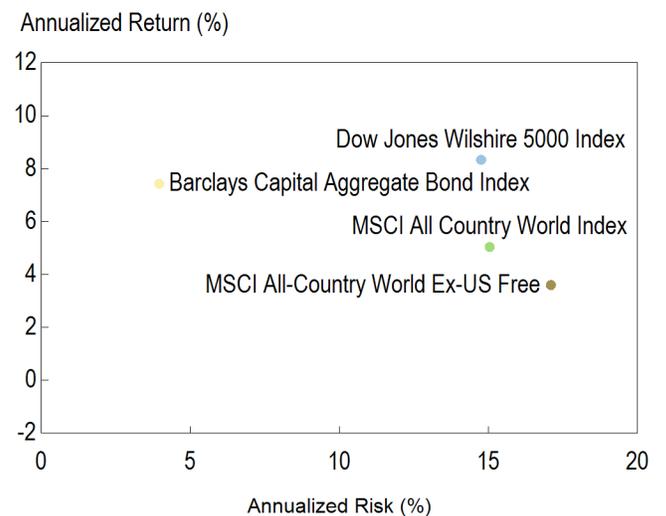


The exhibits above show the performance of the major capital markets during the fourth quarter and one-year periods.

**MARKET RISK/RETURN
10 YEARS ENDING 12/31/08**



**MARKET RISK/RETURN
20 YEARS ENDING 12/31/08**

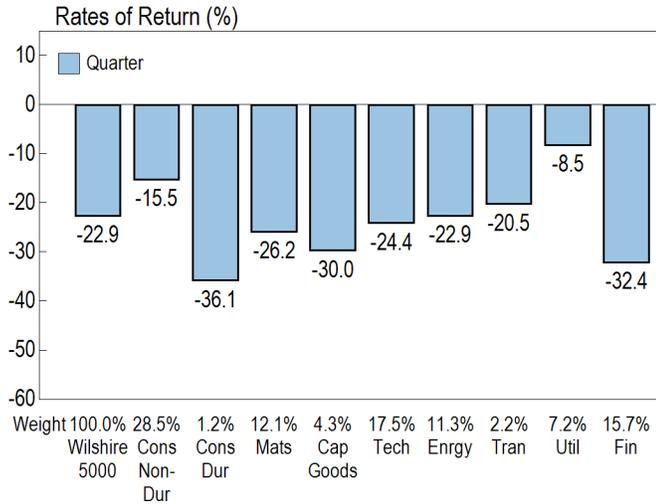


The exhibits above show the historical performance of the major capital markets and the amount of risk (volatility of returns) incurred. Points near the top of the chart represent a greater return and points near the right of the chart indicate greater volatility.

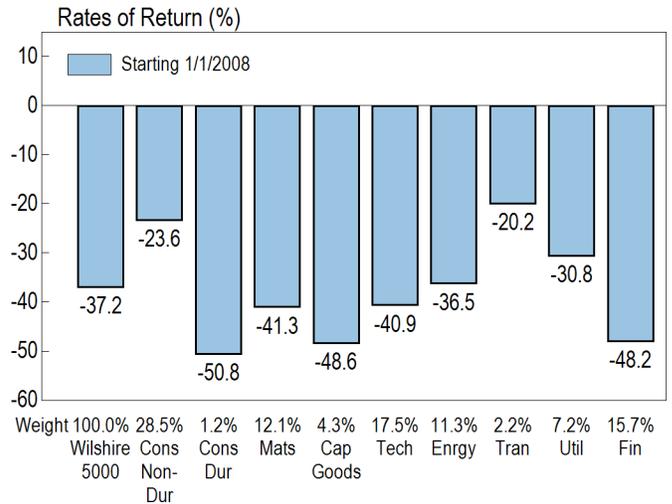
MARKET ENVIRONMENT

U.S. STOCK MARKET

SECTOR RETURNS FOURTH QUARTER



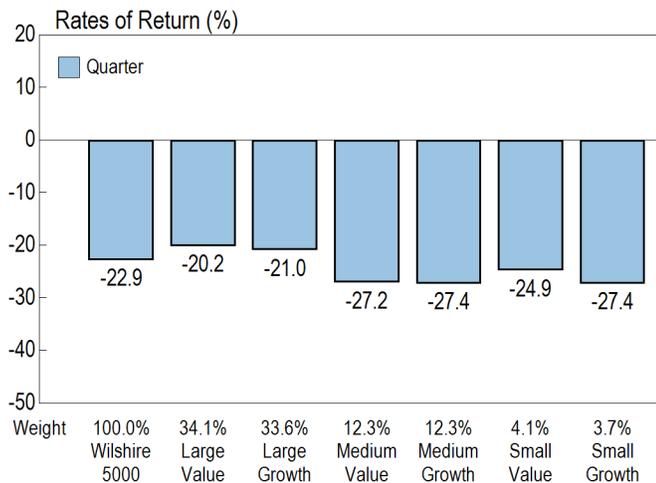
SECTOR RETURNS ONE-YEAR ENDING 12/31/08



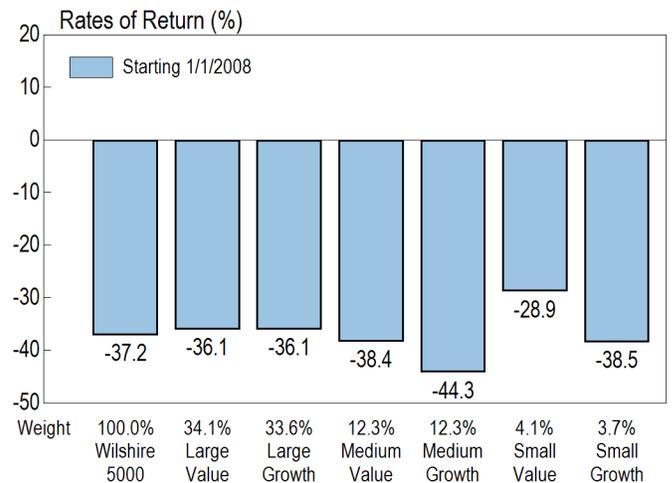
The Dow Jones Wilshire 5000 Index is the broadest available measure of the aggregate domestic stock market. It includes all domestic common stocks with readily available price information.

The exhibits above show the performance of the sectors that comprise the Dow Jones Wilshire 5000 Index. The percentage below each bar indicates the sector's weight within the Dow Jones Wilshire 5000 Index at quarter-end.

STYLE RETURNS FOURTH QUARTER

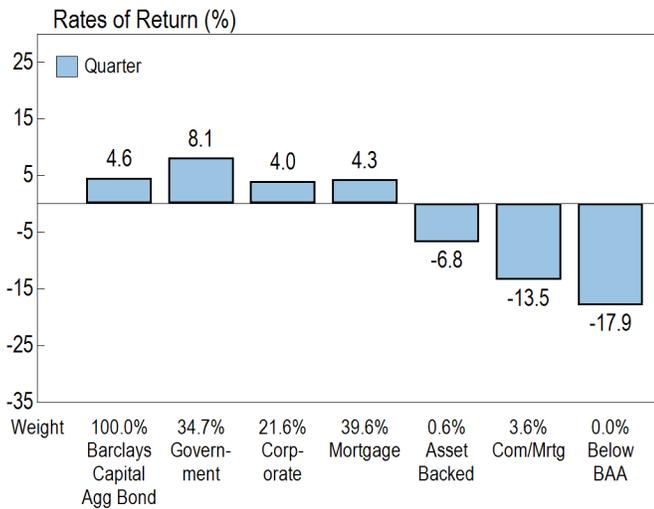


STYLE RETURNS ONE-YEAR ENDING 12/31/08

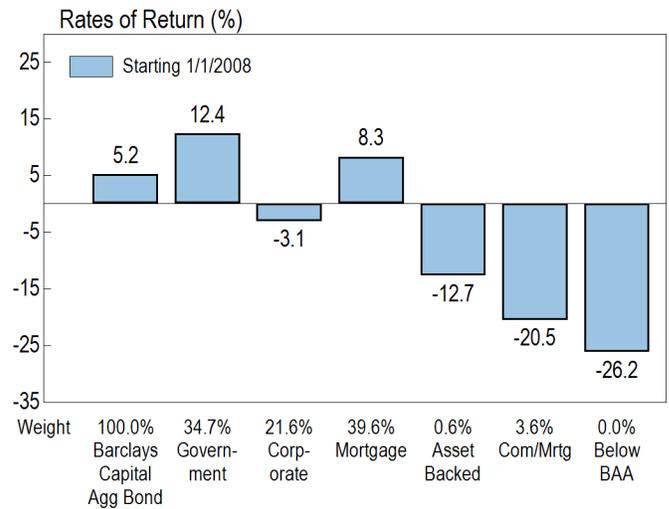


The exhibits above illustrate the performance of stock investment styles according to capitalization (large and small) and style characteristics (value and growth). The percentage below each bar indicates the segment's weight within the Dow Jones Wilshire 5000 Index at quarter-end.

**SECTOR RETURNS
FOURTH QUARTER**



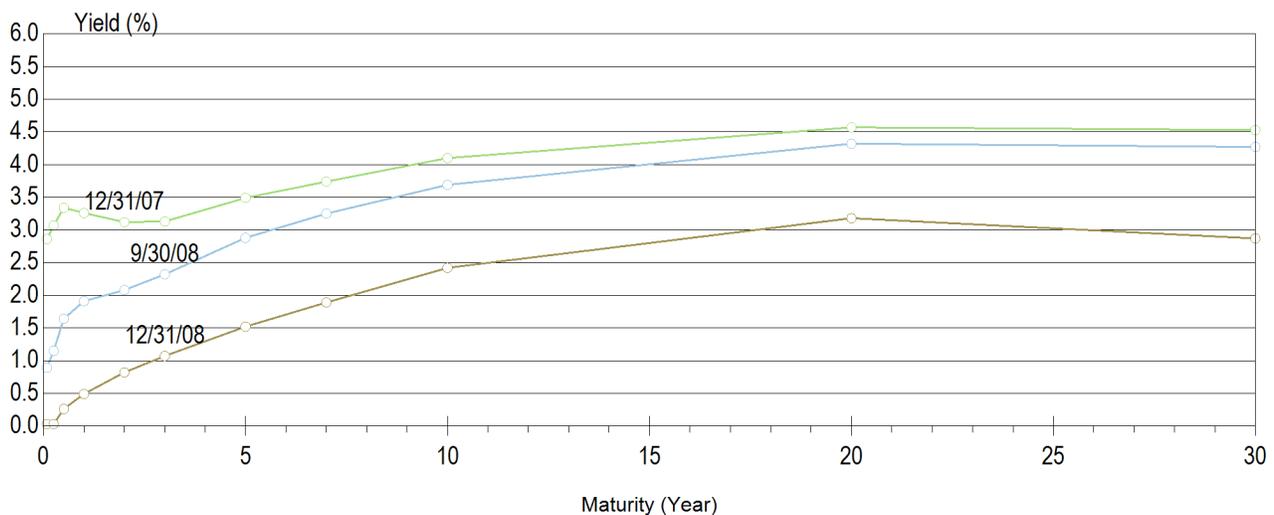
**SECTOR RETURNS
ONE-YEAR ENDING 12/31/08**



The Barclays Capital Aggregate Bond Index is a broad measure of the U.S. investment grade fixed income market. The Index consists of the corporate, government, and mortgage-backed indexes and includes credit card, auto, and home equity loan-backed securities.

The exhibits above show the performance of the sectors that comprise the broad domestic bond market. The percentage below each bar indicates the sector's weight within the Barclays Capital Aggregate Bond Index at quarter-end.

U.S. TREASURY CURVE

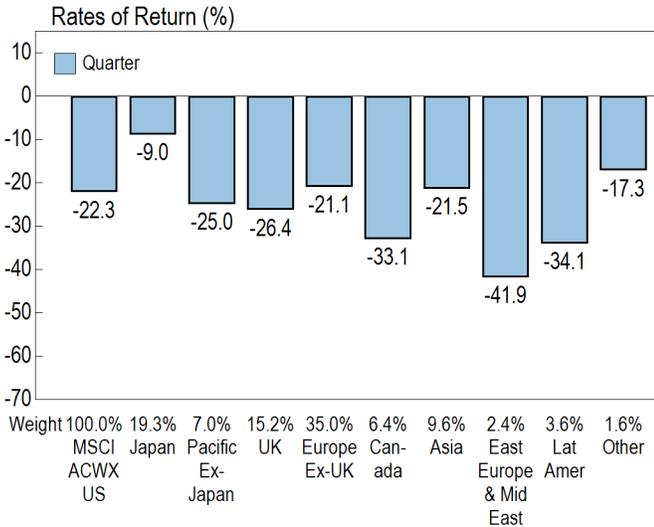


The exhibit above illustrates yields of Treasury securities of various maturities as of December 31, 2007, September 30, 2008, and December 31, 2008.

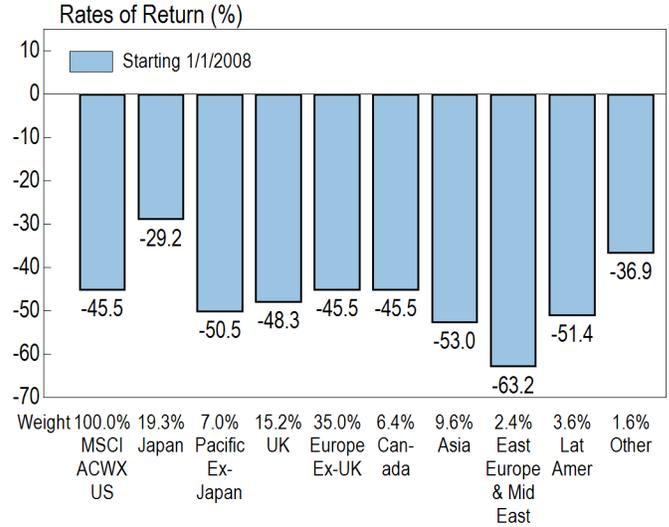
MARKET ENVIRONMENT

NON-U.S. STOCK MARKETS

**NON-U.S. STOCK MARKET RETURNS
FOURTH QUARTER**

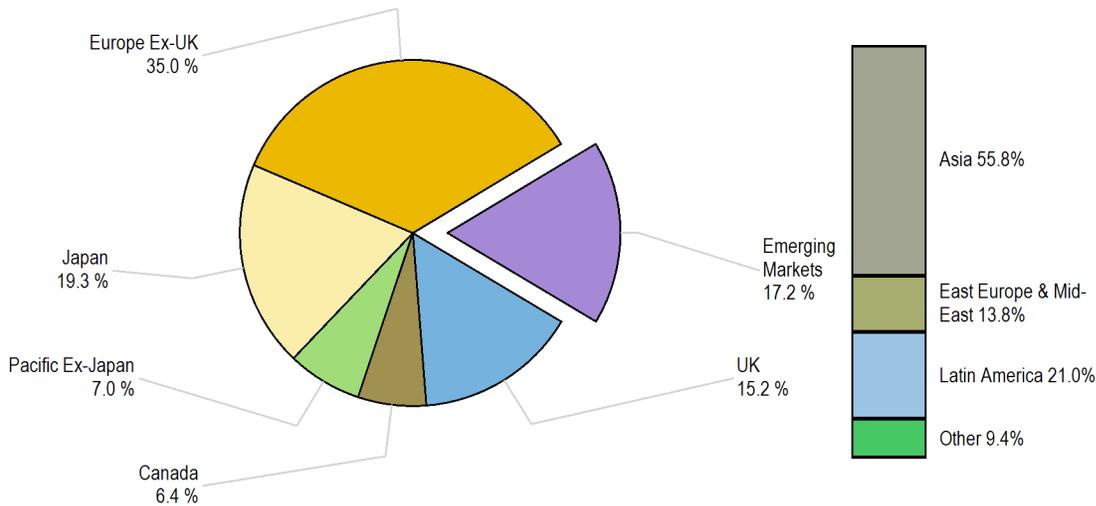


**NON-U.S. STOCK MARKET RETURNS
ONE-YEAR ENDING 12/31/08**



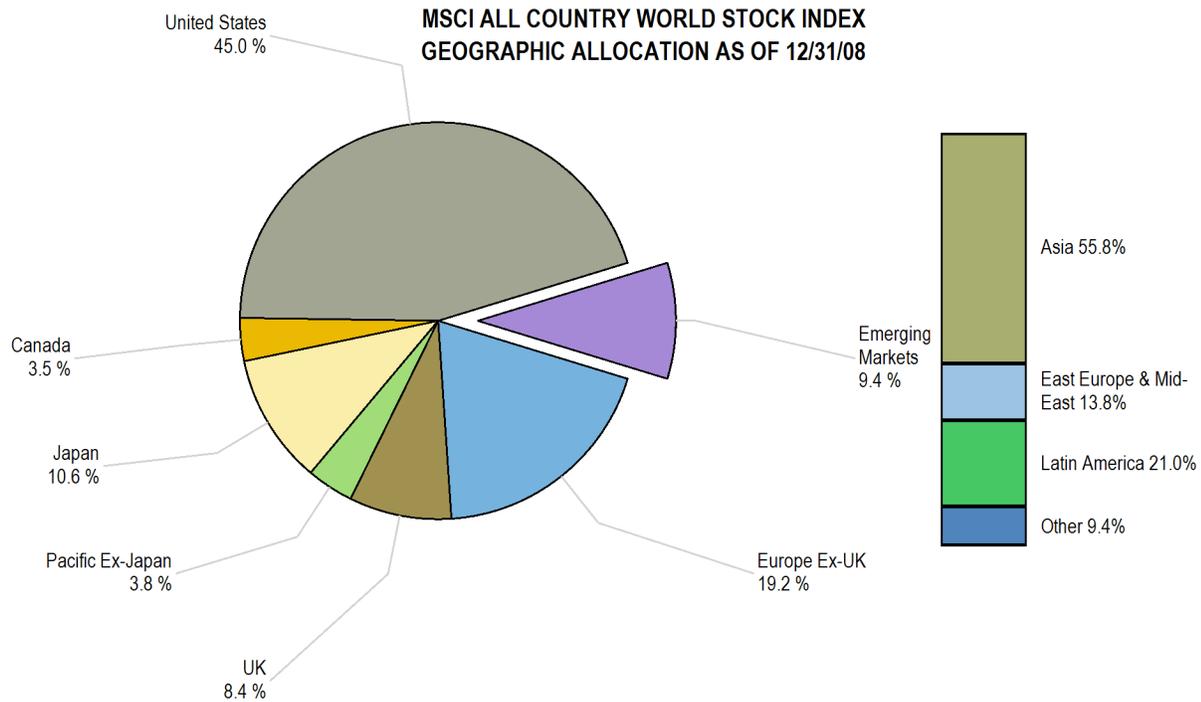
The MSCI All Country World ex-U.S. Index is a capitalization-weighted index of stocks representing 22 developed stock markets and 25 emerging stock markets around the world. The exhibits above show the performance of the regions that comprise the MSCI All Country World ex-U.S. Index at quarter-end.

**MSCI ALL COUNTRY WORLD EX-U.S. STOCK INDEX
GEOGRAPHIC ALLOCATION AS OF 12/31/08**



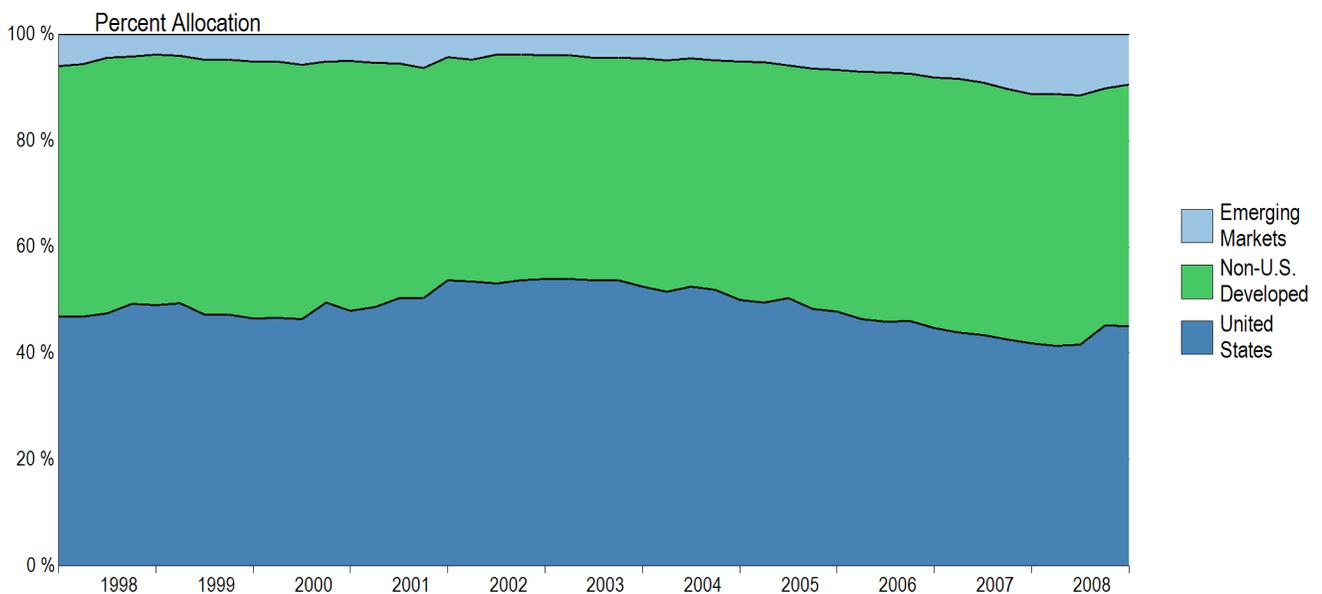
The exhibit above illustrates the percent each region represents of the non-U.S. stock market as measured by the MSCI All Country World ex-U.S. Index.

Note on Other: Includes South Africa, Egypt and Morocco. Returns expressed are the weighted average returns.



The MSCI All Country World Index is a capitalization-weighted index of stocks representing 23 developed stock markets and 25 emerging stock markets around the world. The graph above shows the allocation to each region at quarter-end. Note on Other: Includes South Africa, Egypt and Morocco.

ALLOCATION



The graph above shows the changes in the breakdown between the United States, non-U.S. developed markets, and emerging markets in the MSCI All Country World Index over time.

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**RETURN SUMMARY
ENDING 12/31/08**

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
North Shore Savings Fund	0.5%	2.0%	3.1%	2.7%
iMoney Net Money Fund Average	0.3	2.0	3.5	2.6

Investment Strategy

The objective of the North Shore Savings Fund is to preserve capital and provide current income, while maintaining a high level of liquidity. The Fund is FDIC insured.

Performance Commentary

The North Shore Savings Fund modestly outpaced the return of the iMoneyNet Money Fund Average by 20 basis points during the fourth quarter. Over the trailing one-year period, the Fund matched the return of the Money Fund Average, while the Fund underperformed during the trailing three-year period. Conversely, the Fund outperformed during the trailing five-year period. The Fund has met its investment objective of providing participants with a high level of liquidity and capital preservation.

HISTORICAL RETURNS

(BY YEAR)

	North Shore Savings Fund	iMoney Net Money Fund Average	Return Difference
	Return	Return	
1998	5.2%	5.0%	0.2
1999	4.8	4.6	0.2
2000	5.3	5.9	-0.6
2001	4.3	3.7	0.6
2002	1.6	2.1	-0.5
2003	1.4	0.9	0.5
2004	1.3	0.6	0.7
2005	2.8	1.7	1.1
2006	3.7	3.8	-0.1
2007	3.7	4.7	-1.0
2008	2.0	2.0	0.0
Trailing 3-Year	3.1%	3.5%	-0.4
Trailing 5-Year	2.7	2.6	0.1
Trailing 10-Year	3.1	3.0	0.1

STABLE VALUE

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Stable Value Fund	1.2 %	4.8 %	4.8 %	4.6 %
EnnisKnupp GIC Index	1.2	4.7	4.5	4.2

Investment Strategy

The Stable Value Fund managed by Great-West seeks to provide a stable rate of return through current income while preserving capital. The Fund invests solely in fixed income securities rated AAA or those issued by the U.S. government and its agencies. The Fund will allocate assets to sectors that management believes offer increased yield potential.

Performance Commentary

The return of the Stable Value Fund approximated that of its benchmark during the fourth quarter and has outperformed its benchmark during all long-term periods shown above. As illustrated below, Great-West's annual performance has been favorable relative to the benchmark since inception.

HISTORICAL RETURNS (BY YEAR)

	Stable Value Fund	EnnisKnupp GIC Index	Return Difference
	Return	Return	
1998	6.3%	6.2%	0.1
1999	6.3	6.0	0.3
2000	6.5	6.4	0.1
2001	6.5	6.2	0.3
2002	5.7	5.1	0.6
2003	4.3	4.1	0.2
2004	4.2	3.9	0.3
2005	4.5	3.7	0.8
2006	4.8	4.1	0.7
2007	4.9	4.6	0.3
2008	4.8	4.7	0.1
Trailing 3-Year	4.8 %	4.5 %	0.3
Trailing 5-Year	4.6	4.2	0.4
Trailing 10-Year	5.2	4.9	0.3

**RETURN SUMMARY
ENDING 12/31/08**

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
PIMCO Total Return Fund Instl	5.0 %	4.8 %	5.8 %	5.0 %
Barclays Capital Aggregate Bond Index	4.6	5.2	5.5	4.7

Investment Strategy

The PIMCO Total Return Fund, Institutional Shares, seeks total return consistent with preservation of capital. The Fund's strategy includes active sector rotation and moderate interest-rate anticipation. PIMCO's objective is to outperform the Barclays Capital Aggregate Bond Index without incurring greater risk by utilizing innovative investment techniques or identifying sector and issue buying opportunities. The Fund maintains a duration between 3 and 6 years and can invest up to 10% in issues rated below BBB but no lower than B. The Fund may invest up to 20% of assets in non-dollar bonds. In March of 2007, PIMCO's Institutional share class replaced the Administrative share class.

Performance Commentary

The PIMCO Total Return Fund advanced 5.0% during the quarter, outperforming the Barclays Capital Aggregate Bond Index by 0.4 percentage points. The manager noted that exposure to short maturities in the U.S. and U.K. aided performance as policy initiatives helped reduce interbank lending rates. The Fund's underweight allocation to corporates relative to the Index demonstrated to be beneficial as investors' flight to quality resulted in the widening of credit premiums. Also helping performance was the Fund's overweight allocation to bonds of financial companies, which benefited from government policy assistance. In contrast, the Fund's holdings of Agency mortgage pass-throughs hindered returns as these bonds were negatively impacted by global deleveraging. Holding upper tier non-Agency mortgages and asset-backed securities also detracted from performance as these holdings were adversely affected by the Treasury's Troubled Asset Relief Program (TARP) focusing away from direct mortgage investments.

PIMCO has lagged the Index during the trailing one-year period as a result of weak performance during the third quarter of 2008, but has outperformed during the trailing three- and five-year periods.

PIMCO TOTAL RETURN INSTL

FUND CHARACTERISTICS AS OF 12/31/08

	PIMCO Total Return Fund Instl	
Credit Quality	AAA	58%
	AA	10
	A	15
	BBB	4
	<BBB	1
	Treasury/Agency	9
Composition	US Gov't/Agency	9%
	Corporate	19
	Mortgage-Backed	62
	Foreign	4
	Cash	4
	Other	2
Average Maturity/Duration	3.7 years/3.4 years	
Number of Issues	4,998	
Turnover	N/A	
Distriubtion Yield	5.56%	
Inception Date	September 1994	
Total Fund Assets	\$132.3 billion	
Fees	0.46%	

HISTORICAL RETURNS

(BY YEAR)

	PIMCO Total Return Fund Instl	Barclays Capital Aggregate Bond Index	Return Difference
	Return	Return	
1998	9.5%	8.7%	0.8
1999	-0.5	-0.8	0.3
2000	11.8	11.6	0.2
2001	9.2	8.4	0.8
2002	9.9	10.3	-0.4
2003	5.3	4.1	1.2
2004	4.9	4.3	0.6
2005	2.6	2.4	0.2
2006	3.7	4.3	-0.6
2007	9.0	7.0	2.0
2008	4.8	5.2	-0.4
Trailing 3-Year	5.8%	5.5%	0.3
Trailing 5-Year	5.0	4.7	0.3
Trailing 10-Year	6.0	5.6	0.4

RETURN SUMMARY
ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
TRP PS Income	-11.0 %	-20.4 %	-2.2 %	1.6 %
Custom Benchmark	-7.5	-14.9	-0.3	2.1

Investment Strategy

T. Rowe Price Personal Strategy Income Fund seeks to provide income, with a secondary goal of capital appreciation. The Fund invests in a variety of both stocks and bonds, with an emphasis on dividend-paying stocks and government and high-quality corporate, income-producing bonds.

The Fund's target asset allocation is 40% stocks, 40% bonds, and 20% cash. Typically, the Fund maintains a 5% - 10% exposure to non-U.S. stocks. It is the most conservative of the three T. Rowe Price lifestyle funds.

Performance Commentary

The T. Rowe Price Personal Strategy Income Fund declined 11.0% during the quarter, trailing its benchmark by 3.5 percentage points. The Fund's investment-grade bond selection along with positions in high-yield bonds impeded results. Additionally, poor security selection hindered performance. The Fund's stock allocation of 45.6% compared to its benchmark allocation of 40.0% also detracted from performance as stocks experienced another difficult quarter. An underweight allocation to cash relative to its benchmark was another negative for the Fund, as it held 10.8% compared to 20.0% by its benchmark. On a positive note, the Fund's overseas stock selection proved to be favorable.

Although the Fund has underperformed its benchmark during all long-term periods shown above, it has outperformed in 8 of the past 11 calendar years. Long-term underperformance is attributed to recent poor performance.

T. ROWE PRICE

PERSONAL STRATEGY INCOME

FUND CHARACTERISTICS AS OF 12/31/08

	Personal Strategy Income Fund	
Composition	U.S. Stock	35.0%
	Non-U.S. Stock	10.6
	Bonds	43.4
	Cash	10.8
Number of Holdings	Stocks	666
	Bonds	635
Turnover	73%	
Inception Date	July 1994	
Total Fund Assets	\$640.5 million	
Fees	0.66%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Income	Custom Benchmark	Return Difference
	Return	Return	
1998	11.5%	14.1%	-2.6
1999	5.2	9.9	-4.7
2000	6.6	1.0	5.6
2001	0.9	-0.9	1.8
2002	-3.4	-4.1	0.7
2003	18.6	14.3	4.3
2004	9.9	7.4	2.5
2005	5.2	4.5	0.7
2006	9.6	9.3	0.3
2007	7.3	6.3	1.0
2008	-20.4	-14.9	-5.5
Trailing 3-Year	-2.2%	-0.3%	-1.9
Trailing 5-Year	1.6	2.1	-0.5
Trailing 10-Year	3.5	3.0	0.5

RETURN SUMMARY
ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
TRP PS Balanced	-16.5%	-29.3%	-5.2%	0.4%
Custom Benchmark	-12.5	-23.2	-2.8	1.2

Investment Strategy

T. Rowe Price Personal Strategy Balanced Fund seeks both capital appreciation and income. The Fund invests in a variety of both stocks and bonds, with an emphasis on blue-chip, dividend-paying stocks, government and high-quality corporate, income-producing bonds.

The Fund's neutral asset allocation is 60% stocks, 30% bonds, and 10% cash. Typically, the Fund maintains a 10% exposure to non-U.S. stocks. The balanced fund is the moderate fund relative to the three T. Rowe Price lifestyle funds in terms of expected risk and reward.

Performance Commentary

During the quarter, the T. Rowe Price Personal Strategy Balanced Fund generated a loss of 16.5% and trailed its benchmark by 4.0 percentage points. The Fund's investment-grade bond selection along with positions in high-yield bonds impeded results. Additionally, poor security selection hindered performance. The Fund's stock allocation of 64.5% compared to its benchmark allocation of 60.0% also detracted from performance as stocks experienced another difficult quarter. An underweight allocation to cash relative to its benchmark was another negative for the Fund, as it held 1.4% compared to 10.0% by its benchmark. On a positive note, the Fund's overseas stock selection proved to be favorable.

Although the Fund has underperformed its benchmark during all long-term periods shown above, it has outperformed in 7 of the past 11 calendar years. Long-term underperformance is attributed to recent poor performance.

T. ROWE PRICE

PERSONAL STRATEGY BALANCED

FUND CHARACTERISTICS AS OF 12/31/08

	Personal Strategy Balanced Fund	
Composition	U.S. Stock	49.7%
	Non-U.S. Stock	14.8
	Bonds	33.8
	Cash	1.4
Number of Holdings	Stocks	666
	Bonds	629
Turnover	68%	
Inception Date	July 1994	
Total Fund Assets	\$1.2 billion	
Fees	0.76%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Balanced	Custom Benchmark	Return Difference
	Return	Return	
1998	13.9%	17.4%	-3.5
1999	8.0	14.3	-6.3
2000	5.6	-3.0	8.6
2001	-2.5	-4.7	2.2
2002	-7.7	-9.2	1.5
2003	24.4	20.4	4.0
2004	12.6	9.6	3.0
2005	6.4	5.6	0.8
2006	11.9	12.1	-0.2
2007	7.7	6.5	1.2
2008	-29.3	-23.2	-6.1
Trailing 3-Year	-5.2%	-2.8%	-2.4
Trailing 5-Year	0.4	1.2	-0.8
Trailing 10-Year	2.7	2.1	0.6

RETURN SUMMARY
ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
TRP PS Growth	-22.2%	-37.6%	-8.4%	-1.0%
Custom Benchmark	-17.3	-30.8	-5.4	0.1

Investment Strategy

T. Rowe Price Personal Strategy Growth Fund seeks capital appreciation, with a secondary goal of income. The Fund invests in a variety of both stocks and bonds, with an emphasis on blue-chip, dividend-paying stocks, government and high-quality corporate, and income-producing bonds.

The Fund's neutral asset allocation is 80% stocks and 20% bonds. Typically, the Fund maintains a 15% - 25% exposure to non-U.S. stocks. The growth fund has the highest expected risk/reward profile of the three T. Rowe Price lifestyle funds.

Performance Commentary

The T. Rowe Price Personal Strategy Growth Fund declined 22.2% during the quarter and underperformed its benchmark by 4.9 percentage points. The Fund's investment-grade bond selection along with positions in high-yield bonds impeded results. Additionally, poor security selection hindered performance. The Fund's stock allocation of 85.5% compared to its benchmark allocation of 80.0% also detracted from performance as stocks experienced another difficult quarter. On a positive note, the Fund's overseas stock selection proved to be favorable.

Although the Fund has underperformed its benchmark during all long-term periods shown above, it has outperformed in 7 of the past 11 calendar years. Long-term underperformance is attributed to recent poor performance.

T. ROWE PRICE

PERSONAL STRATEGY GROWTH

FUND CHARACTERISTICS AS OF 12/31/08

	Personal Strategy Growth Fund	
Composition	U.S. Stock	65.6%
	Non-U.S. Stock	19.9
	Bonds	13.9
	Cash	0.3
Number of Holdings	Stocks	666
	Bonds	488
Turnover	58%	
Inception Date	July 1994	
Total Fund Assets	\$770.6 million	
Fee	0.83%	

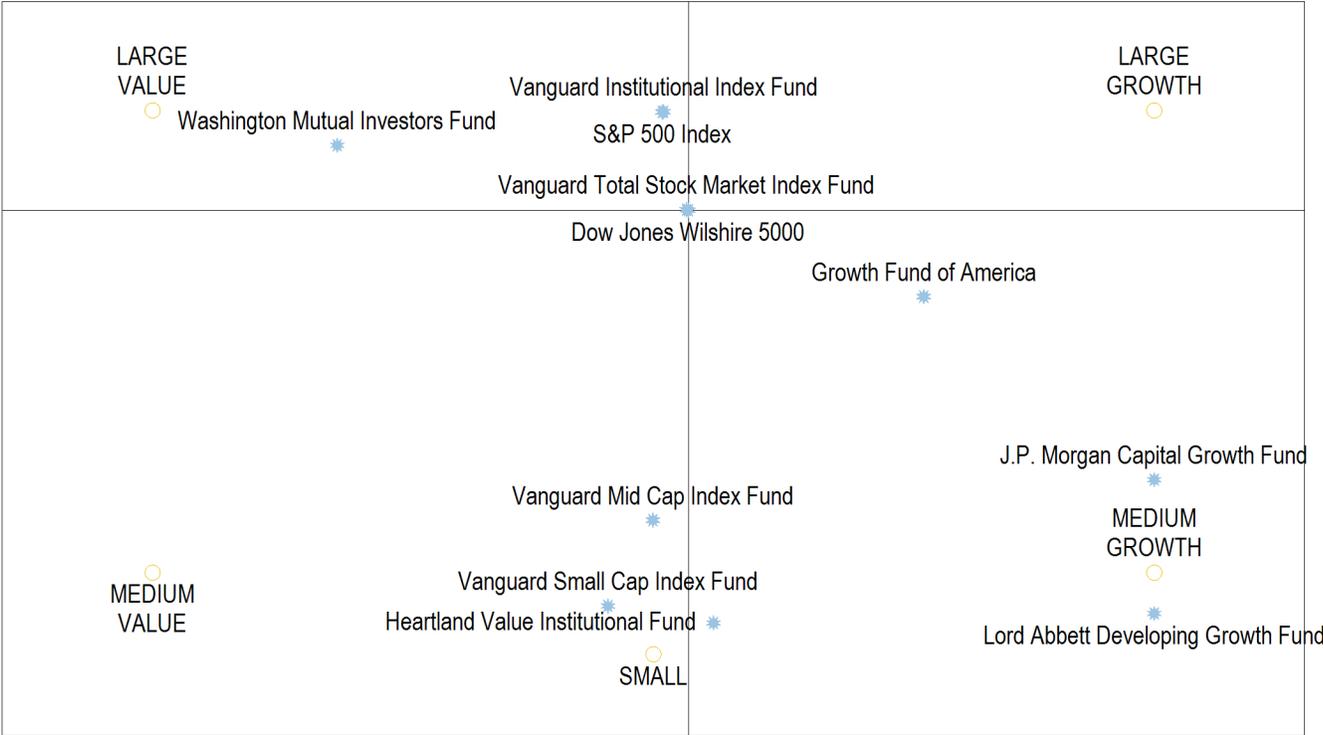
HISTORICAL RETURNS

(BY YEAR)

	TRP PS Growth	Custom Benchmark	Return Difference
	Return	Return	
1998	15.6%	20.6%	-5.0
1999	11.2	18.8	-7.6
2000	4.7	-7.0	11.7
2001	-6.0	-8.4	2.4
2002	-12.4	-14.4	2.0
2003	29.3	26.6	2.7
2004	15.0	11.8	3.2
2005	7.6	6.5	1.1
2006	14.1	14.7	-0.6
2007	7.8	6.7	1.1
2008	-37.6	-30.8	-6.8
Trailing 3-Year	-8.4%	-5.4%	-3.0
Trailing 5-Year	-1.0	0.1	-1.1
Trailing 10-Year	1.7	1.0	0.7

U.S. STOCK FUNDS - INVESTMENT STYLE

EFFECTIVE STYLE MAP
7 YEARS ENDING 12/31/08



WASHINGTON MUTUAL INVESTORS

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Washington Mutual Investors Fund	-20.2 %	-33.1 %	-6.4 %	-1.3 %
Russell 1000 Value Index	-22.2	-36.8	-8.3	-0.8
S&P 500 Index	-21.9	-37.0	-8.4	-2.2

Investment Strategy

Washington Mutual Investors Fund seeks both income and growth of capital. The Fund invests in stocks that meet the fiduciary requirements for the investment of trust funds. This includes companies that have paid consistent dividends and excludes those that derive their primary revenues from alcohol or tobacco (this guideline was replaced by ERISA in 1974, but has been an investment principle for this fund since its 1952 inception). In particular, they seek companies that have paid dividends in at least nine of the last ten years.

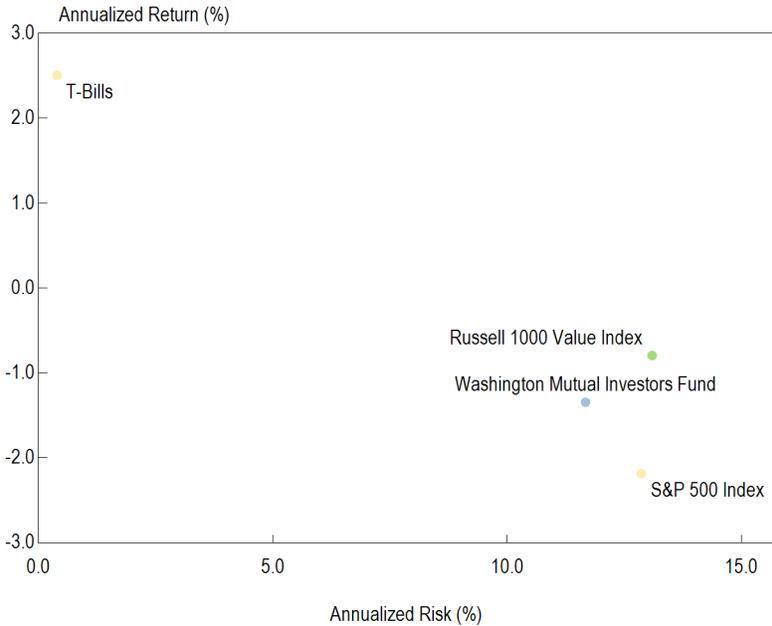
Capital Research & Management (the American Funds family) provides investment services for this Fund. Management looks for stocks with strong long-term prospects selling at low prices. The Fund may invest up to 5% of assets in securities of non-U.S. issuers.

Performance Commentary

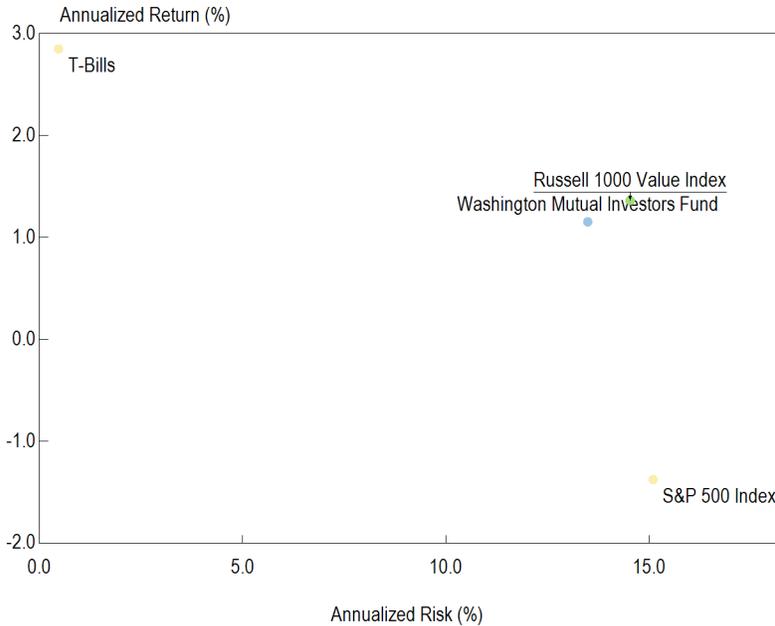
Although negative in absolute terms, the Washington Mutual Investors Fund's return of -20.2% outperformed both the Russell 1000 Value Index and the S&P 500 Index during the fourth quarter. The Fund benefited from an overweight allocation to the telecommunication service and utilities sectors. Additionally, favorable stock selection within the energy, health care, and information technology sectors aided results. The Fund continued to hold a significant percentage (2.9%) in cash which also benefited returns as U.S. equities suffered great losses in the fourth quarter. Conversely, poor stock selection within the materials, consumer staples, and consumer discretionary sectors hindered performance. From an industry perspective, holdings in diversified telecommunication services and pharmaceuticals added the most value, while diversified financial services and household products detracted the most.

Over longer-term periods, the Fund's performance remains mixed. The Fund has outperformed both the Russell 1000 Value Index and the S&P 500 Index over the trailing one- and three- year periods. However, over the trailing five-year period, the Fund lagged the return of the Russell 1000 Value Index by 0.5 percentage points as a result of relative poor performance from 2003 to 2006.

**ANNUALIZED RISK RETURN
5 YEARS ENDING 12/31/08**



**ANNUALIZED RISK RETURN
10 YEARS ENDING 12/31/08**



WASHINGTON MUTUAL INVESTORS

FUND CHARACTERISTICS AS OF 12/31/08

	Washington Mutual Investors Fund	
Style Characteristics	Value	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.92	
Composition	U.S. Stocks	93.0%
	Non-U.S. Stocks	3.3
	Cash	3.7
Number of Issues	120	
Turnover	18%	
Inception Date	July 1952	
Total Fund Assets	\$48.8 billion	
Fees	0.58%	

HISTORICAL RETURNS (BY YEAR)

	Washington Mutual Investors Fund	Russell 1000 Value Index	Return Difference	S&P 500 Index	Return Difference
	Return	Return		Return	
1998	19.4 %	15.6 %	3.8	28.6 %	-9.2
1999	1.2	7.4	-6.2	21.0	-19.8
2000	9.1	7.0	2.1	-9.1	18.2
2001	1.5	-5.6	7.1	-11.9	13.4
2002	-14.8	-15.5	0.7	-22.1	7.3
2003	25.8	30.0	-4.2	28.7	-2.9
2004	9.9	16.5	-6.6	10.9	-1.0
2005	3.5	7.0	-3.5	4.9	-1.4
2006	18.0	22.2	-4.2	15.8	2.2
2007	4.0	-0.2	4.2	5.5	-1.5
2008	-33.1	-36.8	3.7	-37.0	3.9
Trailing 3-Year	-6.4 %	-8.3 %	1.9	-8.4 %	2.0
Trailing 5-Year	-1.3	-0.8	-0.5	-2.2	0.9
Trailing 10-Year	1.2	1.4	-0.2	-1.4	2.6

*Relative to the Russell 1000 Value Index.

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Vanguard Institutional Index Fund	-21.9 %	-37.0 %	-8.3 %	-2.2 %
S&P 500 Index	-21.9	-37.0	-8.4	-2.2

Investment Strategy

The Vanguard Institutional Index Fund is designed to approximate the performance of the S&P 500 Stock Index. The fund holds a capitalization-weighted position in all 500 securities of the S&P 500 Stock Index.

Management uses S&P 500 Index futures to manage fund inflows and outflows.

Milwaukee County switched from the retail Vanguard 500 Index Fund to the Vanguard Institutional Index Fund in May 1999.

Performance Commentary

During the fourth quarter, the Vanguard Institutional Index Fund returned -21.9%, matching the return of the S&P 500 Index. None of the Index's sectors had positive returns during the quarter. Sectors that produced the least losses included telecommunication services (-1.4%) and utilities (-11.0%). The financial (-36.9%), materials (-30.8%), and information technology (-25.7%) sectors detracted the most from performance.

The Fund has approximated the return of the Index over all long-term periods shown above, as expected.

VANGUARD INSTITUTIONAL INDEX

FUND CHARACTERISTICS AS OF 12/31/08

	Vanguard Institutional Index Fund	
Style Characteristics	Core	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.89	
Composition	U.S. Stocks	99.6%
	Non-U.S. Stocks	0.10
	Cash	0.30
Number of Issues	515	
Turnover	5.6%	
Inception Date	July 1990	
Total Fund Assets	\$49.2 billion	
Fees	0.05%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Institutional Index Fund	S&P 500 Index	Return Difference
	Return	Return	
1998	28.8%	28.6%	0.2
1999	21.2	21.0	0.2
2000	-8.9	-9.1	0.2
2001	-11.9	-11.9	0.0
2002	-22.0	-22.1	0.1
2003	28.7	28.7	0.0
2004	10.9	10.9	0.0
2005	4.9	4.9	0.0
2006	15.8	15.8	0.0
2007	5.5	5.5	0.0
2008	-37.0	-37.0	0.0
Trailing 3-Year	-8.3%	-8.4%	0.1
Trailing 5-Year	-2.2	-2.2	0.0
Trailing 10-Year	-1.3	-1.4	0.1

*Relative to the S&P 500 Index.

**RETURN SUMMARY
ENDING 12/31/08**

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Growth Fund of America	-23.0 %	-38.9 %	-8.9 %	-0.6 %
Russell 1000 Growth Index	-22.8	-38.4	-9.1	-3.4

Investment Approach

Capital Research and Management is the sub-advisor for the Growth Fund of America. Capital Research uses a multiple-counselor system in managing the portfolio's assets. The portfolio is divided into segments and the counselors manage their respective segments autonomously. The research analysts are responsible for making the investment decisions for one of the segments.

The Capital Research and Management Investment Committee is responsible for making sure the portfolio stays within its limits and adheres to its investment policies. The objective of the Fund is to provide long-term growth of capital by investing in a diversified portfolio of common stocks while using a growth-at-a-reasonable price strategy. The Fund may invest up to 15% of its assets in companies domiciled outside the U.S. This Fund is less volatile than most large cap growth funds.

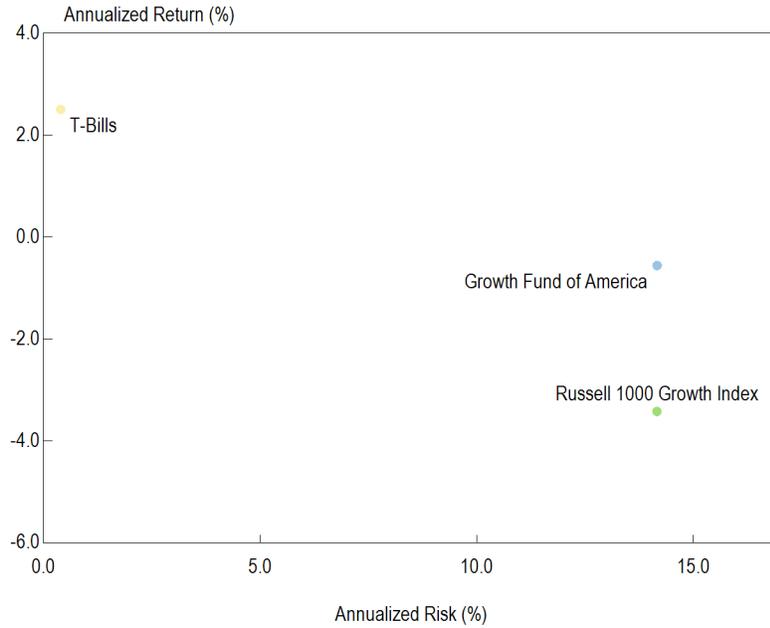
Performance Commentary

The American Funds Growth Fund of America declined 23.0% and underperformed the Russell 1000 Growth Index by 0.2 percentage points during the quarter. Holdings in oil and gas, energy equipment and services, and diversified telecommunication service industries were the top detractors from performance. Partially offsetting underperformance were holdings in the diversified financial, capital markets, and real estate trust industries. The Fund's 15.1% cash allocation also proved favorable as stocks experienced another quarter of significant decline. From a country perspective, the Fund was hurt by weak stock selection in Canada, the U.S., Brazil, and Russia. On the contrary, favorable stock selection within Switzerland, Japan, Finland, and Ireland aided results.

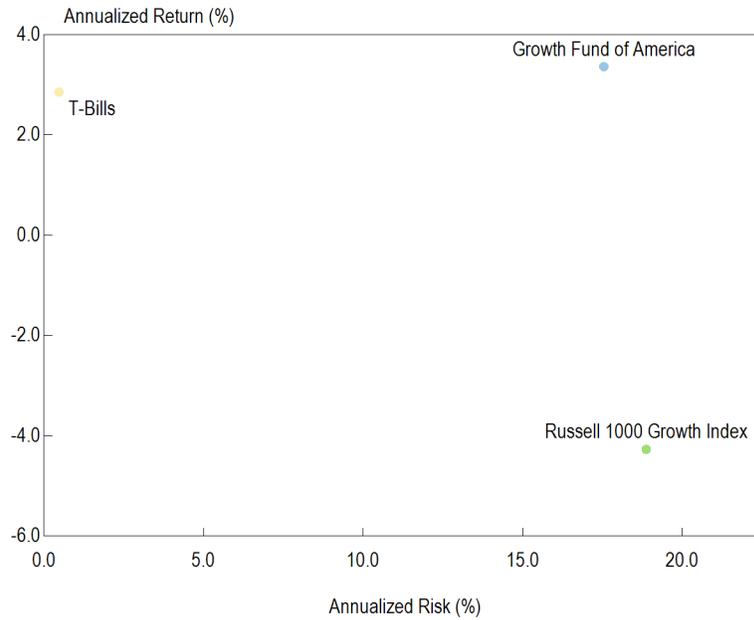
The Fund has outperformed the Index on a relative basis during the trailing three- and five-year periods. The Fund has lagged the Index during the trailing one-year as a result of weak performance in the third quarter of 2008.

GROWTH FUND OF AMERICA

ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 12/31/08



FUND CHARACTERISTICS AS OF 12/31/08

	Growth Fund of America	
Style Characteristics	Growth	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.90	
Composition		
	U.S. Stocks	69.0%
	Non-U.S. Stocks	15.9
	U.S. Bonds	0.0
	Cash	15.1
Number of Issues	290	
Turnover	32%	
Inception Date	December 1973	
Total Fund Assets	\$179.1 billion	
Fees	0.34%	

HISTORICAL RETURNS

(BY YEAR)

	Growth Fund of America	Russell 1000 Growth Index	Return Difference
	Return	Return	
1998	31.8%	38.7%	-6.9
1999	45.7	33.2	12.5
2000	7.5	-22.4	29.9
2001	-12.3	-20.4	8.1
2002	-21.8	-27.9	6.1
2003	33.3	29.8	3.5
2004	12.2	6.3	5.9
2005	14.5	5.3	9.2
2006	11.2	9.1	2.1
2007	11.3	11.8	-0.5
2008	-38.9	-38.4	-0.5
Trailing 3-Year	-8.9%	-9.1%	0.2
Trailing 5-Year	-0.6	-3.4	2.8
Trailing 10-Year	3.4	-4.3	7.7

*Relative to the Russell 1000 Growth Index.

VANGUARD TOTAL STOCK MARKET INDEX

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Vanguard Total Stock Market Index Fund	-22.7 %	-36.9 %	-8.3 %	-1.7 %
Performance Benchmark	-22.8	-37.0	-8.4	-1.7

Investment Strategy

The objective of the Vanguard Total Stock Market Index Fund is to approximate the return of the MSCI U.S. Broad Market Index. The Vanguard Total Stock Market Index Fund utilizes a sampling technique that approximates the industry weightings and market capitalizations of the MSCI U.S. Broad Market Index. The Fund will replicate the weightings of the largest stocks in the Index and invest in a representative sample for the remaining portion. Through computer modeling techniques, management intends to match the Index's characteristics, including sector weightings, yield, price ratios, and risk.

Performance Commentary

During the quarter, the Vanguard Total Stock Market Index Fund experienced 10 basis points of positive tracking relative to its benchmark, the MSCI US Broad Market Index. None of the Index's sectors posted gains during the fourth quarter. The sectors that produced the largest losses were financials (-33.1%), materials (-31.3%), and information technology (-26.0%).

Over the longer-term periods illustrated above, the Fund has approximated the return of its benchmark. The Vanguard Total Stock Market Index Fund has provide participants with broad, low cost exposure to the U.S. equity market.

An explanation of the Performance Benchmark can be found in the Appendix.

VANGUARD TOTAL STOCK MARKET INDEX

FUND CHARACTERISTICS AS OF 12/31/08

	Vanguard Total Stock Market Index Fund	
Style Characteristics	Core	
Capitalization Focus	Large and Medium	
Level of Diversification	Diversified	
Market Risk (Beta)*	1.00	
Composition	U.S. Stocks	99.1%
	Non-U.S. Stocks	0.0
	Cash	0.9
Number of Issues	3,405	
Turnover	5.0%	
Inception Date	April 1992	
Total Fund Assets	\$81.9 billion	
Fees	0.15%	

HISTORICAL RETURNS (BY YEAR)

	Vanguard Total Stock Market Index Fund	Performance Benchmark	Return Difference
	Return	Return	
1998	23.3%	23.4%	-0.1
1999	23.8	23.6	0.2
2000	-10.6	-10.9	0.3
2001	-10.9	-11.0	0.1
2002	-21.0	-20.9	-0.1
2003	31.4	31.7	-0.3
2004	12.6	12.6	0.0
2005	6.1	6.2	-0.1
2006	15.7	15.7	0.0
2007	5.6	5.6	0.0
2008	-36.9	-37.0	0.1
Trailing 3-Year	-8.3%	-8.4%	0.1
Trailing 5-Year	-1.7	-1.7	0.0
Trailing 10-Year	-0.6	-0.6	0.0

*Relative to the Performance Benchmark (DJ Wilshire 5000 Stock Index prior to April 2005, MSCI Broad Market Index thereafter).

J.P. MORGAN CAPITAL GROWTH

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
J.P. Morgan Capital Growth Fund	-26.9 %	-43.7 %	-9.9 %	-1.3 %
Performance Benchmark	-27.4	-44.3	-11.8	-2.3

Investment Strategy

The J.P. Morgan Capital Growth Fund seeks long-term capital growth. Income is not an objective. The Fund invests in stocks of mid cap companies with market capitalizations of \$1 billion to \$5 billion. The current benchmark is the Russell MidCap Growth Index; however, the Fund's actual allocations can vary from those in the Index.

The Fund may invest up to 20% of assets in foreign stocks, although management has typically maintained a small foreign allocation.

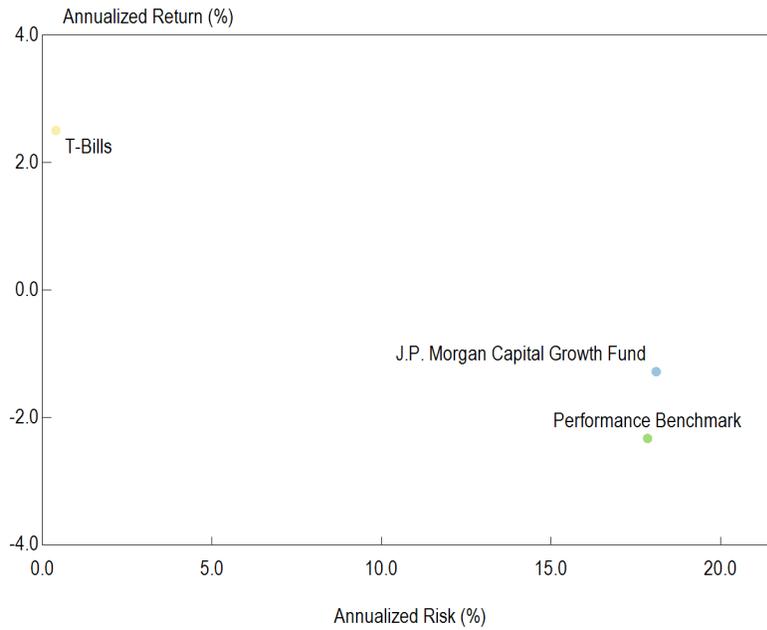
Performance Commentary

J.P. Morgan Capital Growth Fund declined 26.9% during the fourth quarter, but outperformed the return of its benchmark by 0.5 percentage points. Stock selection in the financial services and consumer discretionary sectors positively impacted performance. Among the Fund's top ten holdings, only ITT Educational Services (+17.4%), a provider of post secondary degree programs, posted gains during the quarter. On the other hand, weak stock selection in the materials and processing and producer durables sectors hampered results.

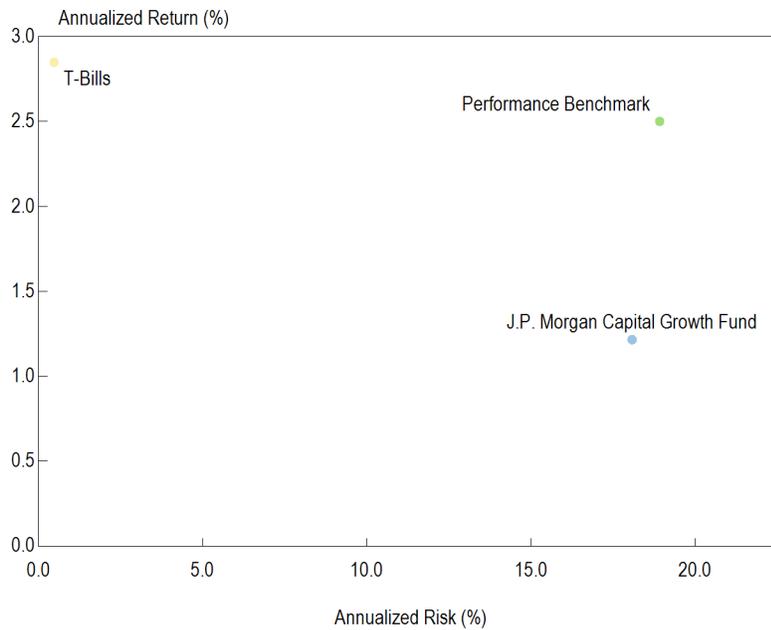
Although negative in absolute value, the Fund's longer-term performance relative to its benchmark has been favorable for all periods illustrated above.

An explanation of the Performance Benchmark can be found in the Appendix.

**ANNUALIZED RISK RETURN
5 YEARS ENDING 12/31/08**



**ANNUALIZED RISK RETURN
10 YEARS ENDING 12/31/08**



J.P. MORGAN CAPITAL GROWTH

FUND CHARACTERISTICS AS OF 12/31/08

	J.P. Morgan Capital Growth Fund	
Style Characteristics	Growth	
Capitalization Focus	Medium	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.81	
Composition	U.S. Stocks	98.5%
	Non-U.S. Stocks	0.0
	Cash	1.5
Number of Issues	88	
Turnover	112%	
Inception Date	September 1987	
Total Fund Assets	\$600.0 million	
Fees	1.14%	

HISTORICAL RETURNS

(BY YEAR)

	J.P. Morgan Capital Growth Fund	Performance Benchmark	Return Difference
	Return	Return	
1998	5.5%	0.4%	5.1
1999	12.8	19.0	-6.2
2000	14.2	17.5	-3.3
2001	-4.5	-0.6	-3.9
2002	-28.1	-27.4	-0.7
2003	36.1	42.7	-6.6
2004	16.9	15.5	1.4
2005	9.7	12.1	-2.4
2006	10.9	10.6	0.3
2007	17.0	11.4	5.6
2008	-43.7	-44.3	0.6
Trailing 3-Year	-9.9%	-11.8%	1.9
Trailing 5-Year	-1.3	-2.3	1.0
Trailing 10-Year	1.2	2.5	-1.3

*Relative to J.P. Morgan's Performance Benchmark.

**RETURN SUMMARY
ENDING 12/31/08**

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Vanguard Mid Cap Index Fund	-25.6 %	-41.8 %	-11.0 %	-0.7 %
MSCI U.S. Mid Cap 450 Index	-25.6	-41.8	-11.1	-0.7

Investment Strategy

The Vanguard Mid-Cap Index Fund seeks to replicate the performance of the MSCI U.S. Mid Cap 450 Index. In 2003, the Fund adopted the MSCI version of the mid-cap index. The Performance Benchmark consists of the S&P Mid Cap 400 Index prior to June 2003. In June 2003, the benchmark was changed to the MSCI Mid Cap 450 Index.

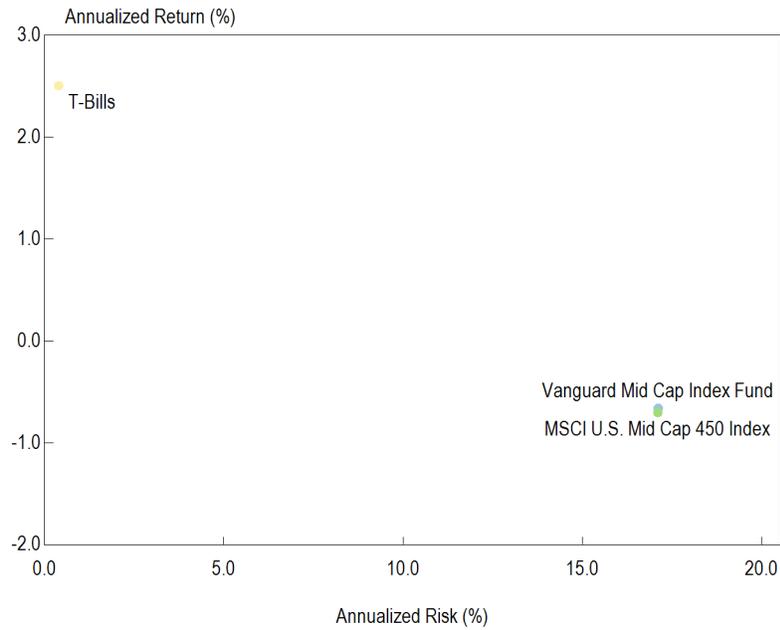
Performance Commentary

Vanguard Mid Cap Index Fund's fourth quarter return of -25.6% matched that of the MSCI U.S. Mid Cap 450 Index. As of October 29, 2008, the Vanguard Mid-Cap Index Fund replaced the Ariel Appreciation Fund.

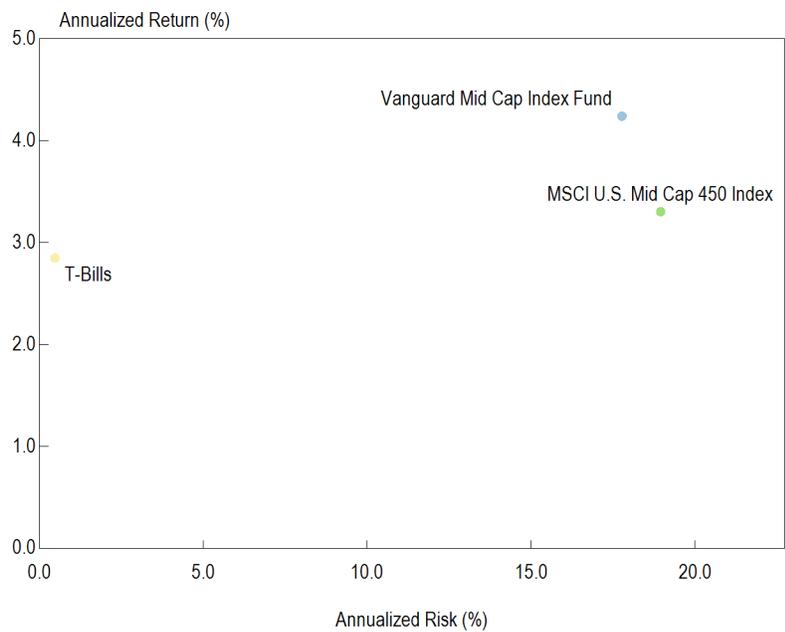
As illustrated above, the Fund has been successful in approximating the return of its benchmark.

VANGUARD MID CAP INDEX

ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 12/31/08



VANGUARD MID CAP INDEX

FUND CHARACTERISTICS AS OF 12/31/08

	Vanguard Mid Cap Index	
Style Characteristics	Value	
Capitalization Focus	Small to Medium	
Level of Diversification	Somewhat Concentrated	
Market Risk (Beta)*	0.93	
Composition	U.S. Stocks	98.8%
	Non-U.S. Stocks	1.1
	Cash	0.1
Number of Issues	452	
Turnover	24%	
Inception Date	December 1989	
Total Fund Assets	\$12.8 billion	
Fees	0.21%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Mid Cap Index Fund	MSCI U.S. Mid Cap 450 Index	Return Difference
	Return	Return	
1998 (7 months)	11.1%	1.9%	9.2
1999	15.5	34.3	-18.8
2000	18.4	-1.9	20.3
2001	-0.4	-6.4	6.0
2002	-14.5	-16.5	2.0
2003	34.3	39.0	-4.7
2004	20.5	20.5	0.0
2005	14.1	13.9	0.2
2006	13.8	13.7	0.1
2007	6.2	6.2	0.0
2008	-41.8	-41.8	0.0
Trailing 3-Year	-11.0%	-11.1%	0.1
Trailing 5-Year	-0.7	-0.7	0.0
Trailing 10-Year	4.2	3.3	0.9

*Relative to the MSCI U.S. Mid Cap 450 Index.

VANGUARD SMALL CAP INDEX

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Vanguard Small Cap Index Fund	-26.6 %	-36.0 %	-9.1 %	-0.7 %
Small-Cap Index	-26.7	-36.2	-9.2	-0.7

Investment Strategy

The Vanguard Small Cap Index Fund's strategy is designed to track the investment performance of the MSCI U.S. 1750 Small Cap Index, which is comprised of the 1,750 smallest stocks out of the 2,500 largest stocks. Prior to May 17, 2003, the Fund replicated the Russell 2000 Index. Prior to June 30, 2003, the Fund used a sampling technique to track the Russell 2000 Index. The Fund was moved from Admiral shares to the new Signal share class on 10/6/2007.

Performance Commentary

During the quarter the Fund experienced 10 basis points of positive tracking relative to its benchmark. The Fund has approximated its benchmark over long-term periods illustrated above.

An explanation of the Performance Benchmark can be found in the Appendix.

VANGUARD SMALL CAP INDEX

FUND CHARACTERISTICS AS OF 12/31/08

	Vanguard Small Cap Index Fund	
Style Characteristics	Core	
Capitalization Focus	Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	1.00	
Composition	U.S. Stocks	98.7%
	Non-U.S. Stocks	1.3
	Cash	0.0
Number of Issues	1,748	
Turnover	14%	
Inception Date	October 1960	
Total Fund Assets	\$10.4 billion	
Fees	0.22%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Small Cap Index Fund	Small-Cap Index	Return Difference
	Return	Return	
1998	-2.6%	-2.5%	-0.1
1999	23.1	21.3	1.8
2000	-2.7	-3.0	0.3
2001	3.1	2.5	0.6
2002	-20.0	-20.5	0.5
2003	45.6	47.5	-1.9
2004	19.9	20.0	-0.1
2005	7.4	7.5	-0.1
2006	15.8	15.8	0.0
2007	1.2	1.2	0.0
2008	-36.0	-36.2	0.2
Trailing 3-Year	-9.1%	-9.2%	0.1
Trailing 5-Year	-0.7	-0.7	0.0
Trailing 10-Year	3.3	3.1	0.2

*Relative to the Vanguard Small Cap Index Performance Benchmark

LORD ABBETT DEVELOPING GROWTH

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Lord Abbett Developing Growth Fund	-28.6 %	-47.5 %	-7.1 %	-1.0 %
Russell 2000 Growth Index	-27.4	-38.5	-9.3	-2.4

Investment Approach

Management of the Lord Abbett Developing Growth Fund employs a process of fundamental research to identify small cap companies that are entering a period of dramatic growth. Management begins by combining growth, balance sheet, and financial statement factors to identify a promising universe of approximately 400 stocks. Portfolio managers and analysts then undertake fundamental and industry research, including company, customer and supplier visits, to select businesses with growth and earnings prospects. However, management sets valuation limits on purchase candidates, preferring to buy stocks at low valuations and then hold them throughout several growth stages.

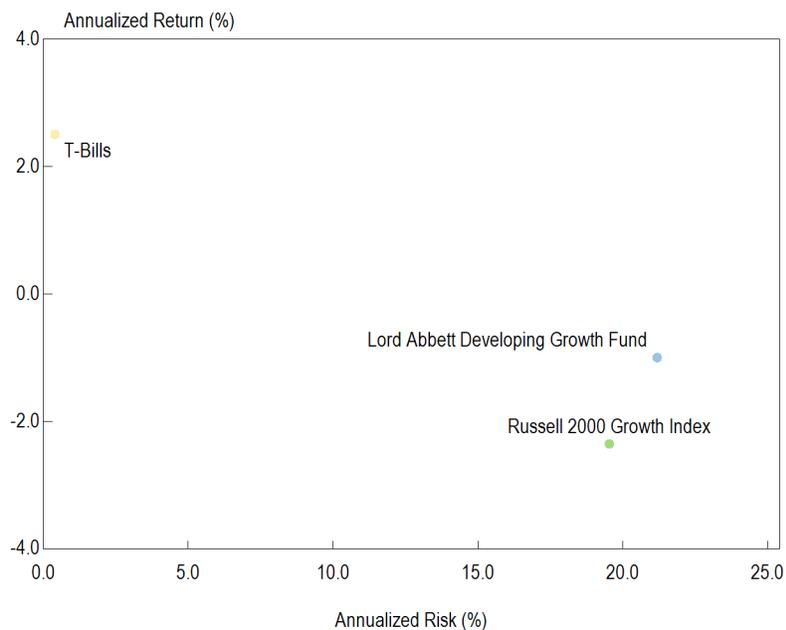
The Fund tends to feature sector diversification, albeit with substantial exposure to growth industries. The portfolio holds approximately 130 micro- and small-cap stocks.

Performance Commentary

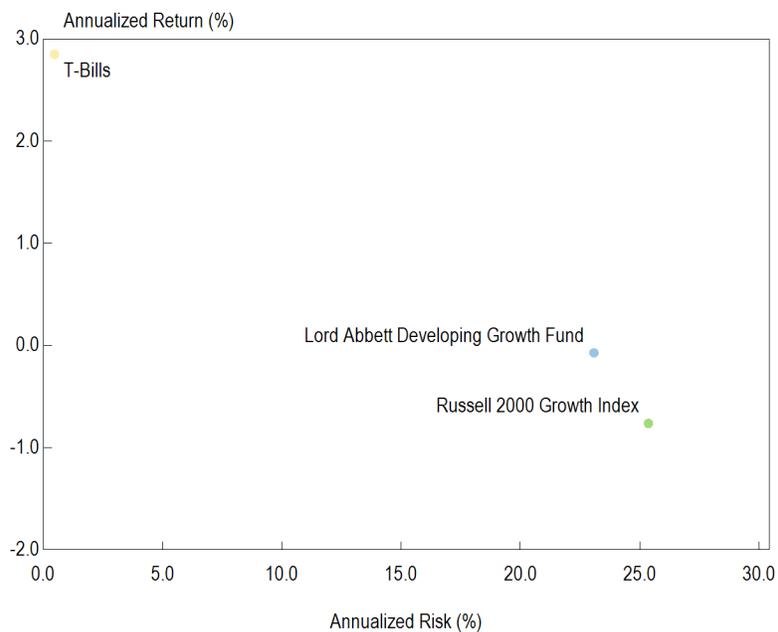
Lord Abbett declined 28.6% during the fourth quarter, trailing the Russell 2000 Growth Index by 1.2 percentage points. The largest detractor from performance was stock selection within the technology sector. In particular, shares of NetLogic Microsystems, a semiconductor company, fell 25.5% amid weakening consumer demand and sales of personal computers. Additionally, stock selection within the healthcare sector impeded returns. Partially offsetting underperformance was favorable stock selection within the auto and transportation and consumer discretionary sectors.

The Fund's long-term performance remains mixed as shown above. Even though the Fund lagged its benchmark during the trailing one-year period, it has outperformed during the trailing three- and five-year periods.

ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 12/31/08



LORD ABBETT DEVELOPING GROWTH

FUND CHARACTERISTICS AS OF 12/31/08

	Lord Abbett Developing Growth Fund	
Style Characteristics	Growth	
Capitalization Focus	Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.89	
Composition	U.S. Stocks	96.2%
	Non-U.S. Stocks	1.4
	Cash	2.4
Number of Issues	125	
Turnover	39%	
Inception Date	October 1973	
Total Fund Assets	\$0.9 billion	
Fees	1.13%	

HISTORICAL RETURNS

(BY YEAR)

	Lord Abbett Developing Growth Fund	Russell 2000 Growth Index	Return Difference
	Return	Return	
1998	8.3%	1.2%	7.1
1999	38.2	43.1	-4.9
2000	-17.7	-22.4	4.7
2001	-7.0	-9.2	2.2
2002	-29.5	-30.3	0.8
2003	40.1	48.5	-8.4
2004	6.0	14.3	-8.3
2005	11.9	4.1	7.8
2006	12.4	13.3	-0.9
2007	35.8	7.0	28.8
2008	-47.5	-38.5	-9.0
Trailing 3-Year	-7.1%	-9.3%	2.2
Trailing 5-Year	-1.0	-2.4	1.4
Trailing 10-Year	-0.1	-0.8	0.7

*Relative to the Russell 2000 Growth Index

**RETURN SUMMARY
ENDING 12/31/08**

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
Heartland Value Institutional Fund	-26.7 %	-39.4 %	-9.8 %	-4.0 %
Russell 2000 Value Index	-24.9	-28.9	-7.5	0.3

Investment Approach

The Heartland Value Fund seeks long-term capital appreciation through investments in small or micro cap securities selected under disciplined, value-oriented criteria. Management seeks companies whose stock prices do not reflect what Heartland believes to be the companies' intrinsic or potential values. A company's stock may be undervalued because it is under-followed by Wall Street analysts, misunderstood by investors, temporarily oversold or out-of-favor as a result of investor overreaction to unexpected news or an emerging, undiscovered opportunity.

Heartland builds portfolios based on a bottom-up fundamental analysis of individual securities while avoiding over-concentration in a particular industry or industries. Heartland begins its search for investment ideas by performing a weekly computer screening of a universe of over 10,000 securities. The database is screened to find securities that have a market capitalization of \$750 million or less. The firm's analysts, using 10 value-based criteria referred to at Heartland as the "10 Point Grid", extensively research each security considered for purchase.

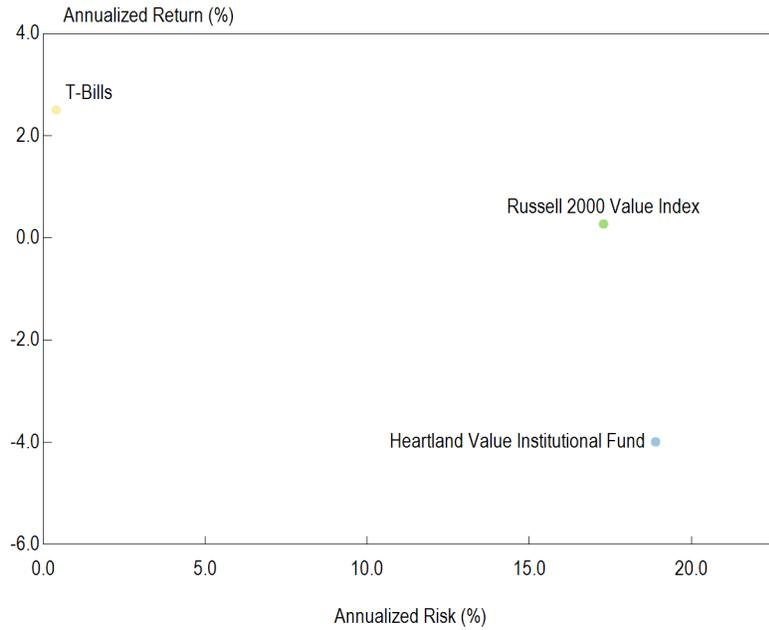
Performance Commentary

During the fourth quarter, the Heartland Value Fund fell 26.7% and underperformed the return of the Russell 2000 Value Index by 1.8 percentage points. Stock selection within the energy sector detracted from performance as oil and natural gas prices continued to decline. Although the Fund continued to underweight the financial sector relative to the Index, exposure to the sector hindered results. Conversely, favorable stock selection within the information technology sector benefited performance. Additionally, positive stock selection within the consumer discretionary sector saved value as the Fund avoided many stocks that were affected by consumers' decreased spending.

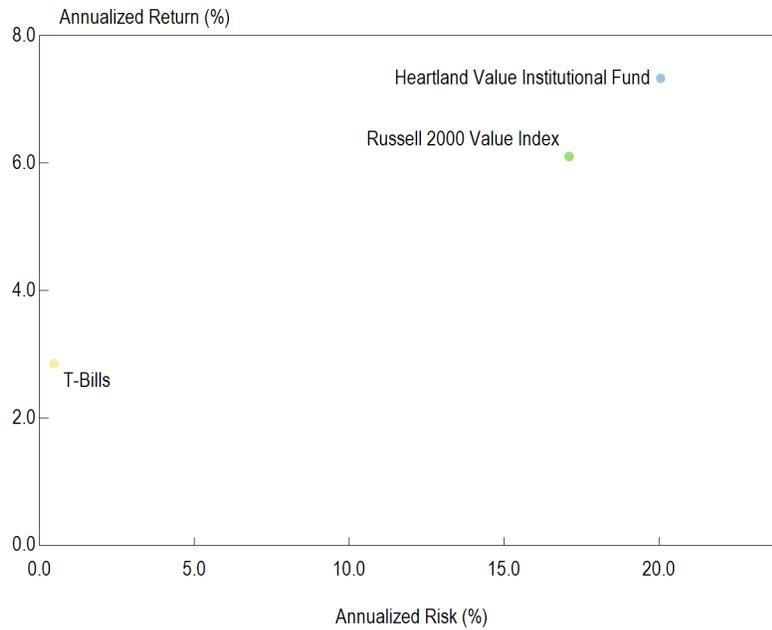
2008 proved to be a difficult year for all investment including value stocks. Such was the case for Heartland, as it experienced a challenging year, particularly during the third quarter. Consequently, its long-term performance was affected as the Fund has underperformed during all periods illustrated above. Prior to the third quarter, the Fund had outperformed its benchmark during all long-term periods. Heartland has experienced high volatility in its calendar year performance as strong outperformance has followed significant underperformance and vice-versa.

HEARTLAND VALUE INSTITUTIONAL

ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 12/31/08



HEARTLAND VALUE INSTITUTIONAL

FUND CHARACTERISTICS AS OF 12/31/08

	Heartland Value Institutional Fund	
Style Characteristics	Value	
Capitalization Focus	Micro to Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.99	
Composition	U.S. Stocks	82.8%
	Non-U.S. Stocks	14.4
	Cash	2.8
Number of Issues	180	
Turnover	61%	
Inception Date	December 1984	
Total Fund Assets	\$0.9 billion	
Fees	0.99%	

HISTORICAL RETURNS (BY YEAR)

	Heartland Value Institutional Fund	Russell 2000 Value Index	Return Difference
	Return	Return	
1998	-11.5 %	-6.4 %	-5.1
1999	25.0	-1.5	26.5
2000	2.0	22.8	-20.8
2001	29.5	14.0	15.5
2002	-11.5	-11.4	-0.1
2003	70.2	46.0	24.2
2004	9.1	22.3	-13.2
2005	2.0	4.7	-2.7
2006	28.0	23.5	4.5
2007	-5.5	-9.8	4.3
2008	-39.4	-28.9	-10.5
Trailing 3-Year	-9.8%	-7.5%	-2.3
Trailing 5-Year	-4.0	0.3	-4.3
Trailing 10-Year	7.3	6.1	1.2

*Relative to the Russell 2000 Value Index.

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RETURN SUMMARY
ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08	3 Years Ending 12/31/08	5 Years Ending 12/31/08
EuroPacific Growth Fund	-19.2 %	-40.4 %	-4.6 %	4.8 %
MSCI All Country World ex-U.S. Index	-22.3	-45.5	-7.0	2.6

Investment Approach

Capital Research and Management is the sub-advisor for the EuroPacific Growth Fund. Capital Research uses a multiple-counselor system in managing the portfolio's assets. The portfolio is divided into segments and the counselors manage their respective segments autonomously. The research analysts are responsible for making the investment decisions for one of the segments.

The Capital Research and Management Investment Committee is responsible for making sure the portfolio stays within its limits and adheres to its investment policies. The objective of the fund is to provide long-term growth of capital by investing in a diversified portfolio of international stocks while using a growth-at-a-reasonable price strategy.

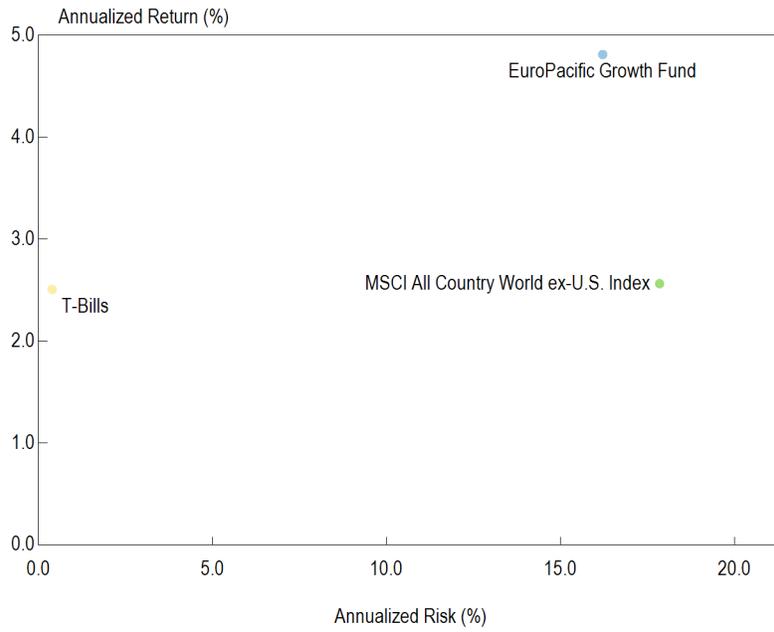
Performance Commentary

During the quarter, the EuroPacific Growth Fund fell 19.2% but outpaced the return of the MSCI All Country World ex-U.S. Index by 3.1 percentage points. The Fund's overweight allocation to the health care sector and underweight allocation to financials contributed positively to relative performance. Additionally, the Fund's significant allocation to cash, 12.0% as of quarter end, was advantageous as equity markets experienced another difficult quarter. Detracting from performance was the Fund's underweight allocation to the industrials and utilities sectors, as these were the better performing sectors. Weak stock selection in the energy and information technology sectors also contributed negatively. From a country perspective, the manager's U.S., U.K., and Switzerland holdings enhanced relative results; while stock selection within Japan, France, and Mexico proved unfavorable.

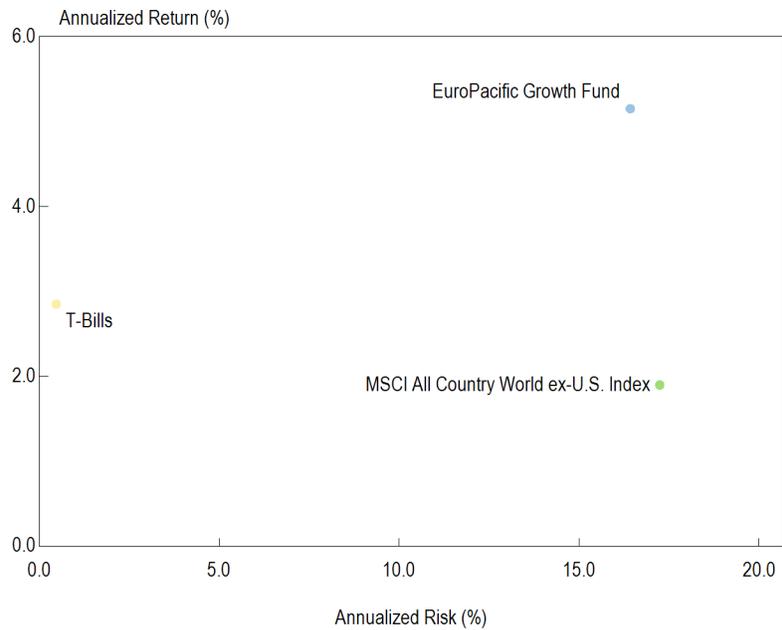
The Fund's longer-term results are favorable, as the Fund's returns have exceeded those of the Index for all periods shown above. On an absolute basis the Fund has earned a positive return of 4.8% annualized over the last five years.

EUROPACIFIC GROWTH

ANNUALIZED RISK RETURN 5 YEARS ENDING 12/31/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 12/31/08



EUROPACIFIC GROWTH

FUND CHARACTERISTICS AS OF 12/31/08

	EuroPacific Growth Fund	
Geographic Breakdown	Asia & Pacific Basin	19.6%
	Europe ex-U.K.	49.6
	United Kingdom	6.3
	Other (Including Canada & Latin America)	12.5
	Cash	12.0
Composition	Non-U.S. Stocks	87.2%
	U.S. Stocks	0.2
	Non-U.S. Bonds	0.6
	Cash	12.0
Number of Issues	300	
Turnover	38%	
Inception Date	April 1984	
Total Fund Assets	\$70.3 billion	
Fees	0.50%	

HISTORICAL RETURNS

(BY YEAR)

	EuroPacific Growth Fund	MSCI All Country World ex-U.S. Index	Return Difference
	Return	Return	
1998	15.5%	14.1%	1.4
1999	57.0	30.6	26.4
2000	-17.8	-15.3	-2.5
2001	-12.2	-19.7	7.5
2002	-13.4	-14.9	1.5
2003	33.2	40.8	-7.6
2004	20.0	20.9	-0.9
2005	21.4	16.6	4.8
2006	22.2	26.7	-4.5
2007	19.2	16.7	2.5
2008	-40.4	-45.5	5.1
Trailing 3-Year	-4.6%	-7.0%	2.4
Trailing 5-Year	4.8	2.6	2.2
Trailing 10-Year	5.1	1.9	3.2

EUROPACIFIC GROWTH

COUNTRY ALLOCATION/RETURNS 3 MONTHS ENDING 12/31/08

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.5 %	0.2 %	-43.2 %
Belgium	1.9	0.6	-37.0
Czech Republic*	--	0.2	-31.2
Denmark	2.4	0.6	-28.1
Finland	1.1	1.1	-20.1
France	9.6	8.3	-20.5
Germany	10.0	6.7	-20.9
Greece	0.8	0.4	-41.0
Hungary*	0.2	0.1	-46.7
Ireland	0.9	0.2	-40.2
Italy	1.4	2.8	-23.1
Netherlands	2.4	1.9	-23.0
Norway	0.8	0.5	-40.7
Poland*	0.2	0.3	-39.1
Portugal	0.2	0.3	-21.3
Russia*	2.2	1.0	-51.3
Spain	3.9	3.5	-17.0
Sweden	1.6	1.5	-25.1
Switzerland	8.9	6.4	-13.3
United Kingdom	6.3	15.2	-26.4
Asia/Pacific			
Australia	1.7 %	4.5 %	-26.9 %
China*	2.6	3.1	-10.8
Hong Kong	1.6	1.5	-18.8
India*	2.3	1.1	-29.9
Indonesia*	0.2	0.3	-33.7
Japan	8.3	19.3	-9.0
Korea*	1.8	2.3	-26.5
Malaysia*	--	0.5	-13.2
New Zealand	--	0.1	-24.0
Pakistan*	--	0.0	-50.4
Philippines*	0.3	0.1	-25.7
Singapore	0.7	0.8	-26.3
Taiwan, China*	2.1	1.9	-23.8
Thailand*	--	0.2	-26.8
Americas			
Argentina*	--	0.0 %	-43.8 %
Brazil*	2.4 %	2.2	-37.3
Canada	2.1	6.4	-33.1
Chile*	--	0.2	-25.9
Colombia*	--	0.1	-17.6
Mexico*	3.0	0.9	-30.0
Peru*	--	0.1	-15.5
Other			
Egypt*	0.1 %	0.1 %	-32.2 %
Israel*	2.3	0.6	-21.4
Morocco*	--	0.1	-12.8
South Africa*	1.2	1.4	-16.3
Turkey*	0.3	0.3	-37.4
Cash			
Cash	12.0 %	--	--
Total	100.0 %	100.0 %	-22.3 %
Developed	67.0	82.8	
Emerging*	21.0	17.2	
Cash	12.0	--	

VANGUARD FTSE ALL WORLD EX-U.S. INDEX

RETURN SUMMARY ENDING 12/31/08

	Fourth Quarter	1 Year Ending 12/31/08
Vanguard FTSE All World ex-U.S. Index	-21.9 %	-44.0 %
FTSE All World ex-U.S. Index	-22.3	-45.3

Investment Strategy

The Vanguard FTSE All World ex-U.S. Index is designed to track the investment performance of the FTSE All World ex-U.S. Index which is comprised of approximately 47 developed and emerging countries, excluding the U.S., while including Canada.

Performance Commentary

During the quarter, the Vanguard FTSE All World ex-U.S. Index declined 21.9%, but incurred positive tracking relative to the FTSE All World ex-U.S. Index. The Fund has also experienced positive tracking error during the trailing one-year period. Longer-term performance is not shown as the Fund started in April 2007.

On October 28, 2009 The Vanguard FTSE All World ex-U.S. Index replaced the Vanguard Total International Stock Index. The Vanguard FTSE All World ex-U.S. Index Fund's lower expense ratio and exposure to Canada made it a more compelling investment option than the Total International Fund.

VANGUARD FTSE ALL WORLD EX-U.S. INDEX

FUND CHARACTERISTICS AS OF 12/31/08

	Vanguard FTSE All World ex-U.S. Index	
Country Allocations	Japan	18.1%
	Pacific ex-Japan	9.0
	United Kingdom	14.8
	Europe ex-U.K.	36.2
	North America	5.0
	Emerging Markets	17.0
	Other	3.0
Composition	Non-U.S. Stocks	100.0%
	Cash	0.0
Number of Issues	2,192	
Turnover	N/A	
Inception Date	April 2007	
Total Fund Assets	\$3.6 billion	
Fees	0.15%	

HISTORICAL RETURNS

(BY Years)

	Vanguard FTSE All World ex-U.S. Index	FTSE All World ex-U.S. Index
	Return	Return
2007 (9 months)	12.7 %	13.9 %
2008	-44.0	-45.3

VANGUARD FTSE ALL WORLD EX-U.S. INDEX

COUNTRY ALLOCATION/RETURNS

3 MONTHS ENDING 12/31/08

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.3%	0.3%	-42.0%
Belgium	0.6	0.6	-32.5
Czech Republic*	0.2	0.2	-27.9
Denmark	0.7	0.7	-29.5
Finland	1.0	1.0	-20.7
France	8.6	9.0	-20.8
Germany	6.6	6.6	-20.8
Greece	0.4	0.4	-40.2
Hungary*	0.1	0.1	-46.4
Ireland	0.2	0.2	-37.8
Italy	3.0	3.0	-22.0
Netherlands	1.9	1.8	-24.9
Norway	0.5	0.5	-39.6
Poland*	0.2	0.2	-37.7
Portugal	0.3	0.3	-20.1
Russia*	1.0	0.9	-51.5
Spain	3.9	3.8	-16.5
Sweden	1.5	1.5	-27.1
Switzerland	6.0	6.1	-13.3
United Kingdom	14.9	14.6	-26.3
Asia/Pacific			
Australia	4.6%	4.6%	-27.5%
China*	2.0	1.8	-12.7
Hong Kong	2.9	3.1	-15.2
India*	1.7	1.7	-28.7
Indonesia*	0.2	0.3	-35.7
Japan	18.2	18.0	-9.0
Korea*	2.6	2.7	-25.0
Malaysia*	0.7	0.7	-13.8
New Zealand	0.1	0.1	-20.8
Singapore	0.9	0.9	-25.5
Taiwan, China*	2.1	2.1	-23.7
Thailand*	0.2	0.2	-26.3
Americas			
Argentina*	0.1%	0.1%	-43.2%
Brazil*	2.4	2.4	-37.0
Canada	5.3	5.4	-33.5
Chile*	0.3	0.3	-23.8
Mexico*	1.0	1.1	-30.2
Peru*	0.1	0.1	-19.9
Other			
Egypt*	0.1%	0.2%	-31.4%
Israel*	0.5	0.5	-19.7
South Africa*	1.7	1.7	-16.3
Turkey*	0.2	0.2	-38.4
Total	100.0%	100.0%	-22.3%
Developed	82.5	83.0	
Emerging*	17.5	17.0	
Cash	--	--	

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RETURNS OF THE MAJOR CAPITAL MARKETS

	Fourth Quarter	Annualized Periods Ending 12/31/08				
		1-Year	3-Year	5-Year	10-Year	15-Year
Domestic Stock Indices:						
DJ Wilshire 5000 Index	-22.9%	-37.2%	-8.4%	-1.7%	-0.6%	6.3%
S&P 500 Index	-21.9	-37.0	-8.4	-2.2	-1.4	6.5
Russell 3000 Index	-22.8	-37.3	-8.6	-1.9	-0.8	6.4
Russell 1000 Value Index	-22.2	-36.8	-8.3	-0.8	1.4	7.5
Russell 1000 Growth Index	-22.8	-38.4	-9.1	-3.4	-4.3	4.8
Russell MidCap Value Index	-27.2	-38.4	-10.0	0.3	4.4	8.6
Russell MidCap Growth Index	-27.4	-44.3	-11.8	-2.3	-0.2	5.3
Russell 2000 Value Index	-24.9	-28.9	-7.5	0.3	6.1	8.4
Russell 2000 Growth Index	-27.4	-38.5	-9.3	-2.4	-0.8	2.8
Domestic Bond Indices:						
Barclays Capital Aggregate Index	4.6%	5.2%	5.5%	4.7%	5.6%	6.2%
Barclays Capital Govt/Credit Index	6.4	5.7	5.6	4.6	5.6	6.2
Barclays Capital Long Govt/Credit Index	13.1	8.4	5.9	6.3	6.6	7.5
Barclays Capital 1-3 Year Govt/Credit Index	2.7	5.0	5.3	3.8	4.8	5.2
Barclays Capital U.S. MBS Index	4.3	8.3	6.8	5.5	6.0	6.4
Barclays Capital High Yield Index	-17.9	-26.2	-5.6	-0.8	2.2	4.3
Barclays Capital Universal Index	2.7	2.4	4.6	4.3	5.6	6.1
Real Estate Indices:						
NCREIF Property Index	-8.3%	-6.5%	8.1%	11.7%	10.5%	10.6%
NCREIF ODCE Index	-11.0	-10.7	5.7	9.7	9.1	9.4
DJ Wilshire Real Estate Securities Index	-40.4	-39.8	-12.4	0.6	7.3	8.0
FTSE NAREIT US Real Estate Index	-38.8	-37.7	-10.8	0.9	7.4	8.2
Foreign/Global Stock Indices:						
MSCI All Country World Index	-22.4%	-42.2%	-7.9%	-0.1%	-0.2%	4.5%
MSCI All Country World IMI	-22.7	-42.4	-8.2	0.1	0.5	--
MSCI All Country World ex-U.S. Index	-22.3	-45.5	-7.0	2.6	1.9	3.8
MSCI All Country World ex-U.S. IMI	-22.5	-46.0	-7.4	2.6	2.3	--
MSCI All Country World ex-U.S. Small Cap Index	-24.0	-50.2	-11.3	2.1	4.3	--
MSCI EAFE Index	-20.0	-43.4	-7.4	1.7	0.8	3.5
MSCI EAFE IMI	-20.2	-43.7	-7.8	1.7	1.2	--
MSCI EAFE Index (in local currency)	-18.5	-40.3	-10.4	0.9	-0.4	2.6
MSCI Emerging Markets IMI	-27.4	-53.8	-5.2	7.6	7.8	--
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	8.8%	10.1%	9.5%	6.0%	5.6%	6.5%
Citigroup Hedged World Gov't Bond Index	5.5	8.0	5.3	5.4	5.4	6.7
Cash Equivalents:						
Treasury Bills (30-Day)	0.1%	1.2%	3.0%	2.5%	2.8%	3.4%
EnnisKnupp STIF Index	0.4	2.7	4.4	3.6	3.7	4.3
Inflation Index:						
Consumer Price Index	-3.9%	0.1%	2.2%	2.7%	2.5%	2.5%

APPENDIX II

Benchmark Descriptions

iMoney Net Money Fund Average - An index made up of the entire universe of taxable money market mutual funds. The index currently represents 1,228 funds, or approximately 99 percent of all money fund assets.

Custom Benchmark (Personal Strategy Balanced) - A mix of 51% DJ Wilshire 5000 Index, 30% Barclays Capital Aggregate Bond Index, 10% 90-Day Treasury Bills, and 9% MSCI EAFE Index.

Custom Benchmark (Personal Strategy Growth) - A mix of 65% DJ Wilshire 5000 Index, 20% Barclays Capital Aggregate Bond Index and 12% MSCI EAFE Index.

Custom Benchmark (Personal Strategy Income) - A mix of 34% DJ Wilshire 5000 Index, 40% Barclays Capital Aggregate Bond Index, 20% 90-Day Treasury Bills, and 6% MSCI EAFE Index.

Performance Benchmark (Vanguard Total Stock Market Index) - DJ Wilshire 5000 Index until 4/30/2005, the MSCI U.S. Broad Market Index going forward.

Performance Benchmark (Vanguard Small Cap Index) - Russell 2000 Index until 6/30/2003, the MSCI U.S. 1750 Small Cap Index going forward.

EnnisKnupp GIC Index - This benchmark index is an average of the 2-, 3-, 4- and 5-year GICs as surveyed by T.Rowe Price.

Barclays Capital Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$150 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

Barclays Capital Corporate Bond Index - A market value-weighted index consisting of government bonds and SEC-registered corporate bonds with at least one year to maturity and an outstanding par value of \$150 million or greater.

MSCI All Country World ex-U.S. Free Index - A capitalization-weighted index of stocks representing 48 developed and emerging country stock markets, excluding the U.S. market.

MSCI U.S. 1750 Small Cap Index - An index representing the universe of small capitalization companies in the U.S. equity market. This index targets for inclusion 1,750 companies and represents approximately 12% of the capitalization of the U.S. equity market.

Performance Benchmark (J.P. Morgan Capital Growth) - Currently the Russell Mid Cap Growth Index. Prior to January 1, 2002, the benchmark was the S&P 400 Midcap Index effective June 30, 1999, and the Russell 2500 Index prior to that.

60/40 Benchmark - A mix of 60% DJ Wilshire 5000 Index and 40% Barclays Capital Aggregate Bond Index.

Benchmark Descriptions

S&P Midcap 400 Index - A capitalization-weighted index representing stocks chosen by Standard & Poor's, Inc. for their size, liquidity, stability and industry group representation. None of the stocks included overlap with those in the S&P 500 or the S&P SmallCap 600. Some stocks included in the Index are larger than those in the S&P 500 and some are smaller than those in the S&P Small Cap 600.

S&P 500 Index - A capitalization-weighted index representing stocks chosen by Standard & Poor's, Inc. for their size, liquidity, stability and industry group representation. The companies in the S&P 500 Index are generally among the largest in their industries. Currently the Index comprises industrial, utility, financial and transportation stocks.

FTSE All World ex-U.S. Index - An index of stocks representing approximately 47 developed and emerging countries, excluding the U.S. while including Canada.

Russell 1000 Index - A capitalization-weighted index of the 1,000 largest publicly traded U.S. stocks by capitalization.

Russell 1000 Value Index - An Index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

Russell 1000 Growth Index - An Index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher I/B/E/S growth forecasts.

Russell Mid Cap Index - A capitalization-weighted index consisting of the smallest 800 companies in the Russell 1000 Index. The Russell 1000 Index represents the 1,000 largest publicly traded stocks by capitalization.

Russell 2500 Index - A capitalization-weighted, small-cap stock index representing the performance of 2,500 domestic stocks. This Index represents approximately 22% of the domestic market. Its median market capitalization is approximately \$786 million.

Russell 2000 Index - A capitalization-weighted index of the smallest 2,000 stocks in the Russell 3000 Index. The Index excludes the largest- and smallest-capitalization issues in the domestic stock market.

Russell 2000 Value Index - A capitalization-weighted index representing those companies within the Russell 2000 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.

Russell 2000 Growth Index - A capitalization-weighted index representing those companies within the Russell 2000 Index with higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.

DJ Wilshire 5000 Index - A capitalization-weighted stock index representing all domestic common stocks traded regularly on the organized exchanges. The Index is the broadest measure of the aggregate domestic stock market.

APPENDIX II

Rank Descriptions

U.S. Equity Ranks* - A broad Morningstar universe of 2,260 U.S. stock mutual funds.

Fixed Income Ranks* - A Morningstar universe of 190 fixed income mutual funds.

Non-U.S. Equity Ranks* - A non-U.S. equity universe calculated by Mellon Analytical Solutions. The universe includes 99 non-U.S. stock managers with an aggregate market value of \$231.2 billion.

*Data as of 9/30/08.

PERFORMANCE REPORT

Independent
advice for the
institutional
investor

**Milwaukee County
Deferred
Compensation Plan**

Third Quarter 2008

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- 3 Fixed Income Funds**
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- 6 Non-U.S. Stock Funds**
- 7 Appendices**

All rates of return presented in this report for time periods greater than one year are annualized. Mutual fund rates of return are provided by Morningstar. Rates of return for the North Shore Savings Fund and the Stable Value Fund are provided by the investment manager. All rates of return contained in this report are net of investment management fees. Percentages in some exhibits may not add to 100% because of rounding.

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INVESTMENT HIGHLIGHTS

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
North Shore Savings Fund	0.5 %	1.5 %	2.3 %	3.2 %	2.6 %
iMoney Net Money Fund Average	0.5	1.7	2.8	3.6	2.5
Stable Value Fund	1.2	3.6	4.8	4.8	4.6
EnnisKnupp GIC Index	1.2	3.5	4.7	4.4	4.2
PIMCO Total Return Fund Instl	-2.1	-0.1	3.8	4.3	4.1
LB Aggregate Bond Index	-0.5	0.6	3.7	4.2	3.8

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
TRP PS Income	-6.7 %	-10.6 %	-10.8 %	2.3 %	5.4 %
Custom Benchmark	-4.4	-7.9	-7.8	2.8	4.8
TRP PS Balanced	-9.2	-15.3	-16.4	1.4	6.1
Custom Benchmark	-6.6	-12.3	-13.0	2.2	5.5
TRP PS Growth	-11.5	-19.7	-21.7	0.5	6.5
Custom Benchmark	-8.5	-16.3	-17.8	1.5	6.1

Benchmark descriptions can be found in the Appendix.

INVESTMENT HIGHLIGHTS

RETURN SUMMARY ENDING 9/30/08

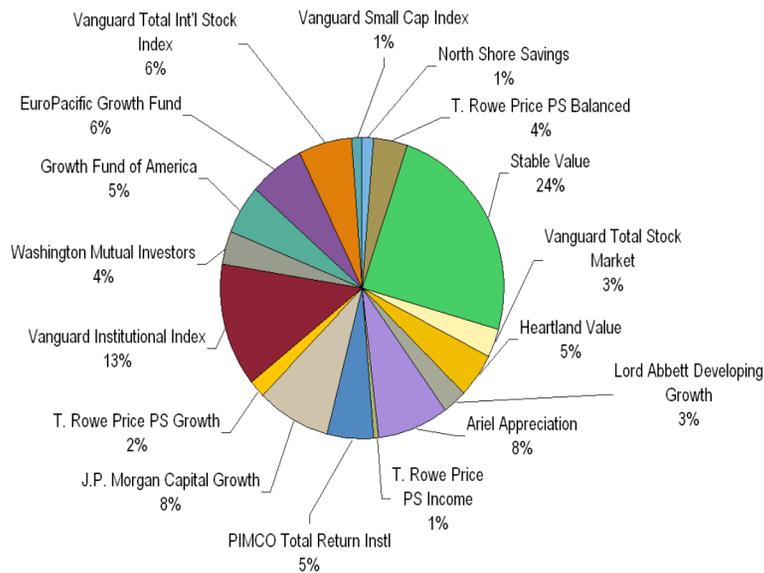
	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Washington Mutual Investors Fund	-4.5 %	-16.1 %	-20.5 %	1.5 %	5.7 %
Russell 1000 Value Index	-6.1	-18.9	-23.6	0.1	7.1
Vanguard Institutional Index Fund	-8.3	-19.3	-22.0	0.2	5.2
S&P 500 Index	-8.4	-19.3	-22.0	0.2	5.2
Growth Fund of America	-15.0	-20.6	-22.7	1.1	7.2
Russell 1000 Growth Index	-12.3	-20.3	-20.9	0.0	3.7
Vanguard Total Stock Market Index Fund	-8.5	-18.4	-21.1	0.6	6.0
Performance Benchmark	-8.5	-18.5	-21.2	0.6	6.0
J.P. Morgan Capital Growth Fund	-16.8	-23.0	-23.7	1.1	7.7
Performance Benchmark	-17.7	-23.4	-24.7	-0.8	6.5
Ariel Appreciation Fund	-4.0	-15.5	-20.5	-2.1	3.6
Russell 2500 Index	-6.7	-14.3	-18.0	0.9	8.1
Vanguard Small Cap Index Fund	-5.0	-12.8	-17.1	1.2	8.6
Small-Cap Index	-5.1	-12.9	-17.3	1.1	8.6
Lord Abbett Developing Growth Fund	-11.8	-26.5	-23.5	4.8	7.7
Russell 2000 Growth Index	-7.0	-15.3	-17.1	1.5	6.6
Heartland Value Fund	-15.4	-17.4	-21.1	0.1	5.7
Russell 2000 Value Index	5.0	-5.4	-12.3	2.0	9.4

RETURN SUMMARY ENDING 9/30/08

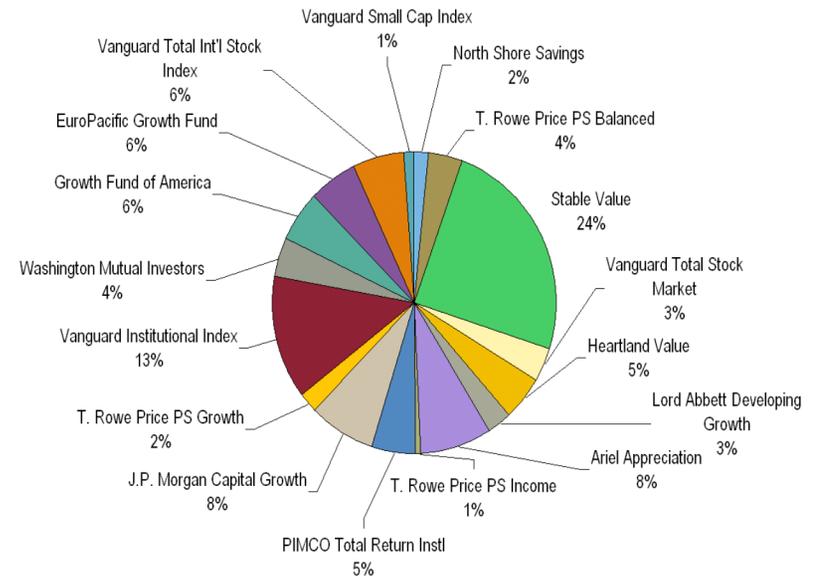
	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
EuroPacific Growth Fund	-18.0 %	-26.2 %	-25.2 %	4.8 %	12.3 %
MSCI All Country World ex-U.S. Index	-21.9	-29.9	-30.3	2.6	11.3
Vanguard Total International Stock Index Fund	-20.5	-29.2	-30.1	2.6	11.1
MSCI All Country World ex-U.S. Index	-21.9	-29.9	-30.3	2.6	11.3

Benchmark descriptions can be found in the Appendix.

**Contributions by Investment Option
Third Quarter 2008**

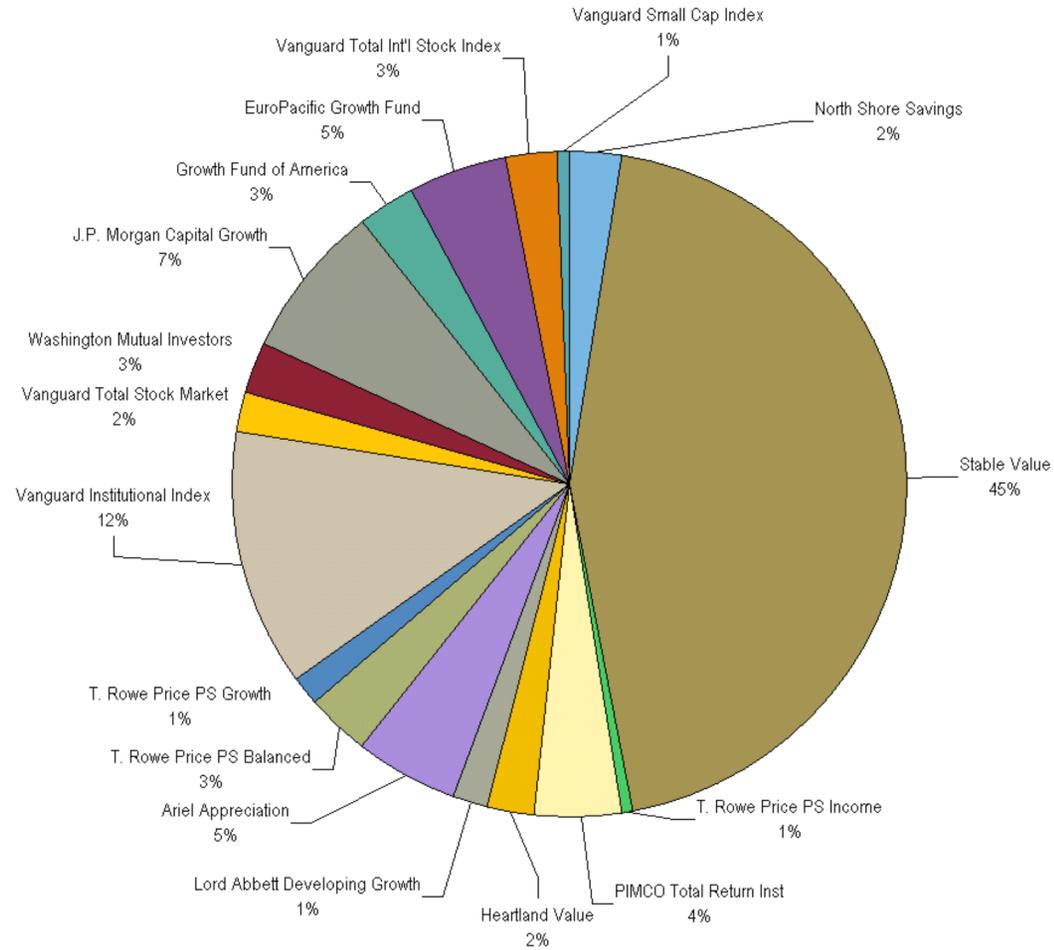


**Contributions by Investment Option
YTD 2008**

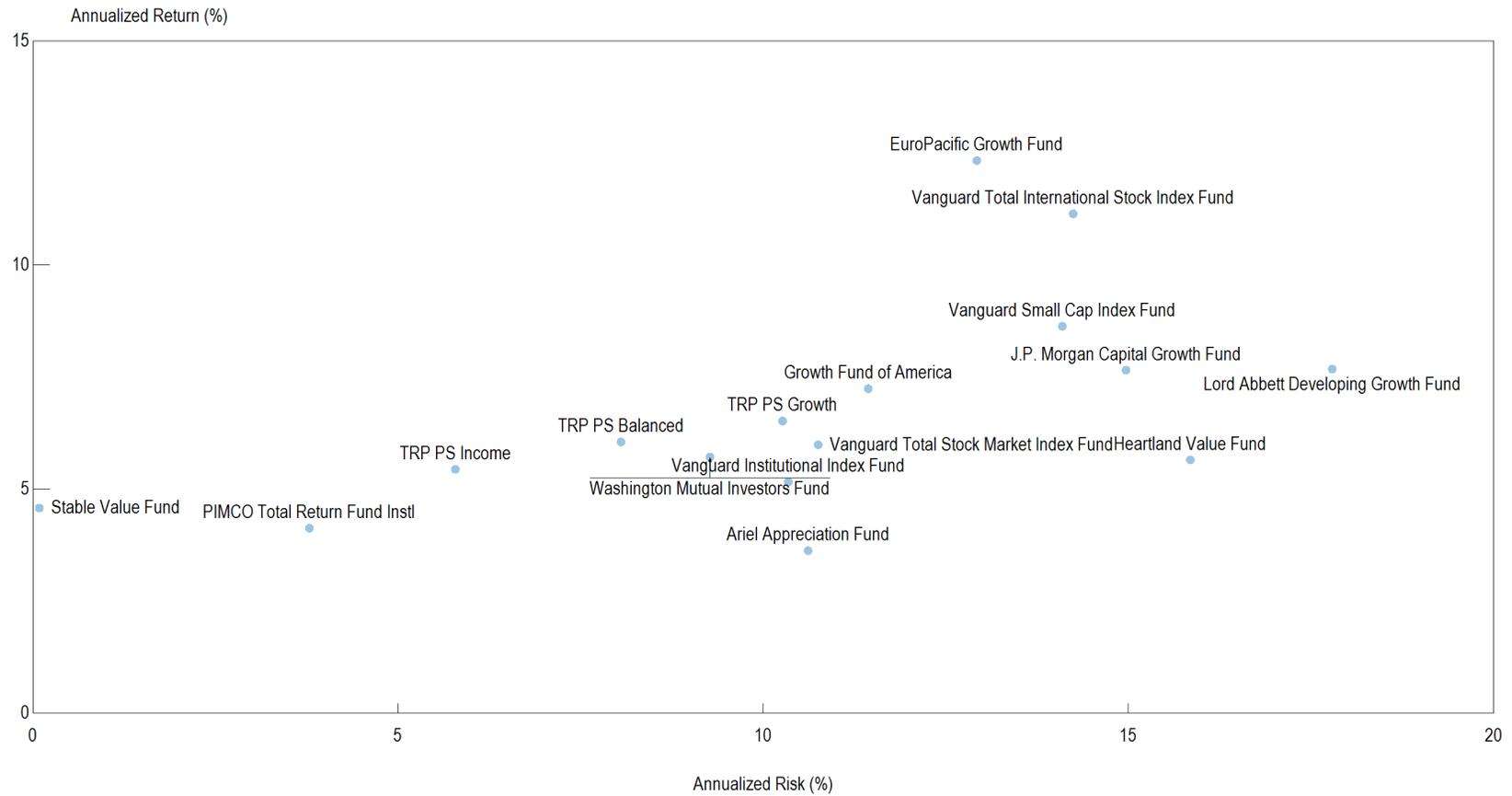


INVESTMENT HIGHLIGHTS

Asset Allocation
Milwaukee County Investment Options
Third Quarter 2008



**ANNUALIZED RISK RETURN
5 YEARS ENDING 9/30/08**



INVESTMENT HIGHLIGHTS

Change in Market Value

Investment Fund	June 30, 2008	Net Contributions/ Withdrawals	Net Income/ Appreciation*	September 30, 2008
North Shore Savings	3,274,624	1,685,141	17,840	4,977,605
Stable Value	90,205,429	(113,719)	1,068,147	91,159,857
T. Rowe Price PS Income	1,332,692	(23,938)	(89,457)	1,219,297
PIMCO Total Return Inst	7,812,462	421,606	(183,463)	8,050,605
Heartland Value	6,058,931	(24,253)	(946,591)	5,088,086
Lord Abbett Developing Growth	3,490,554	(71,487)	(412,458)	3,006,610
Ariel Appreciation	11,105,839	(242,745)	(433,308)	10,429,786
T. Rowe Price PS Balanced	6,917,982	23,256	(642,233)	6,299,004
T. Rowe Price PS Growth	2,909,259	(14,832)	(333,415)	2,561,012
Vanguard Institutional Index	28,261,178	(453,262)	(2,343,919)	25,463,996
Vanguard Total Stock Market	4,857,275	580	(415,931)	4,441,924
Washington Mutual Investors	5,579,497	(135,600)	(250,856)	5,193,042
J.P. Morgan Capital Growth	18,138,125	(304,238)	(3,004,024)	14,829,863
Growth Fund of America	6,810,827	33,849	(1,028,560)	5,816,116
EuroPacific Growth Fund	11,928,214	(244,697)	(2,142,568)	9,540,948
Vanguard Total Intl Stock Index	6,099,197	333,949	(1,311,771)	5,121,375
Vanguard Small Cap Index	1,342,175	71,089	(72,476)	1,340,787
Total	216,124,260	940,697	(12,525,045)	204,539,912

Fees

Fund Name	Plan Balance (\$ thousands)	Expense Ratio	Revenue Sharing Fees	\$ Fee on Expense Ratio	Dollar Revenue Sharing
North Shore Savings	\$ 4,978	0.00%	0.00%	\$ -	\$ -
Stable Value	91,160	0.40%	0.00%	364,639	-
PIMCO Total Return Inst	8,051	0.43%	0.00%	34,618	-
TRP PS Income	1,219	0.77%	0.10%	9,389	1,219
TRP PS Balanced	6,299	0.81%	0.10%	51,022	6,299
TRP PS Growth	2,561	0.86%	0.10%	22,025	2,561
Washington Mutual	5,193	0.57%	0.33%	29,600	17,137
Heartland	5,088	1.14%	0.35%	58,004	17,808
Lord Abbett	3,007	1.19%	0.40%	35,779	12,026
Vanguard Total Intl Stock	5,121	0.27%	0.00%	13,828	-
Vanguard Institutional	25,464	0.05%	0.00%	12,732	-
Vanguard Total Stock Market	4,442	0.05%	0.00%	2,221	-
JP Morgan Capital Growth	14,830	1.14%	0.50%	169,060	74,149
Ariel Appreciation	10,430	1.12%	0.45%	116,814	46,934
Growth Fund of America (R5)	5,816	0.35%	0.05%	20,356	2,908
Vanguard Small Cap Index	1,341	0.11%	0.00%	1,475	-
EuroPacific Growth Fund (R5)	9,541	0.51%	0.05%	48,659	4,770
Total	\$ 204,540	0.48%		\$ 990,220	\$ 185,813
Total as a Percent				0.48%	0.09%

Investment Management Fee Net of Revenue Sharing	(\$ Fee on Expense Ratio - Dollar Revenue Sharing)	\$ 804,407
<i>Net Investment Management Fee as a Percent of Plan Assets</i>		0.39%

Great West Revenue Sharing Cap**	\$ 125,000 *
<i>Capped Revenue Sharing as a Percent of Plan Assets</i>	0.06%

Revenue Sharing Returned to the County	\$ 60,813
<i>Returned Revenue Sharing as a Percent of Plan Assets</i>	0.03%

*Effective April 2007, the committee approved a fee holiday on the \$20 flat fee and the asset based fee of 0.24% charged to participants. All information in the above table is as reported by Great West.

** Exclusive of 20 bps revenue Great West receives for the Stable Value Fund.

MARKET ENVIRONMENT
Third Quarter 2008

MARKET ENVIRONMENT

OVERVIEW

MAJOR MARKET RETURNS

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08	10 Years Ending 9/30/08
Dow Jones Wilshire 5000 Index	-8.7 %	-18.6 %	-21.3 %	0.6 %	6.0 %	4.0 %
MSCI All Country World ex-U.S. Index	-21.9	-29.9	-30.3	2.6	11.3	6.5
MSCI EAFE Index	-20.6	-29.3	-30.5	1.1	9.7	5.0
MSCI Emerging Markets Index	-27.0	-35.5	-33.2	8.4	18.7	14.4
MSCI All Country World Index	-16.6	-25.5	-26.9	1.3	8.0	4.3
Lehman Brothers Aggregate Bond Index	-0.5	0.6	3.7	4.2	3.8	5.2

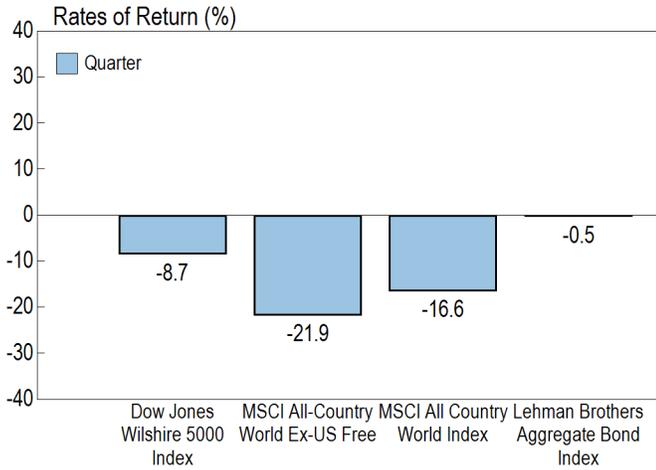
The U.S. broad equity market struggled through a turbulent third quarter which was marked by government bailouts of the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), and AIG. The market remained highly volatile as it absorbed the effects of the collapse of Lehman Brothers and Washington Mutual along with the reorganization of investment banks Goldman Sachs and Morgan Stanley into bank holding companies. The U.S. government, in an effort to stabilize markets and restore confidence, passed a \$700 billion bailout bill, the Troubled Asset Relief Program (TARP), in which it agreed to purchase distressed assets from banks. On October 8th, following the quarter end, the Federal Open Market Committee cut the target federal funds rate by 50 basis points to 1.5% in a surprise move coordinated with the European Central Bank, Bank of England, and the Bank of Canada.

The Dow Jones Wilshire 5000 Index declined 8.7% during the third quarter, yielding a year-to-date loss of 18.6 percentage points. Value stocks outperformed growth stocks with small cap value producing the only positive return for the quarter. Consumer staples and financials were the strongest performing sectors, gaining 1.4% and 3.6% respectively. The energy, utility, and materials sectors produced the weakest returns, yielding -26.1%, -16.9%, and -14.9% respectively.

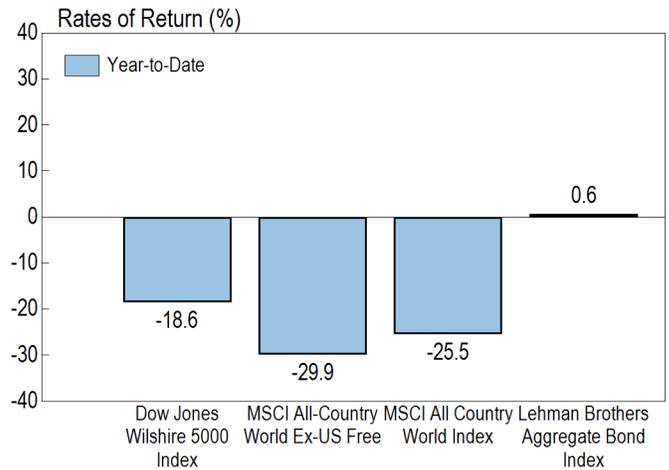
International markets suffered considerably as financial woes in the U.S. spread abroad. The MSCI All Country World ex-U.S. Index declined 21.9% in the third quarter, underperforming the U.S. market by 13.2 percentage points. Emerging markets led this downturn as commodities dipped and oil prices dropped from second quarter highs. The greatest detractors from performance were the Eastern Europe and Middle East, and Latin American regions which declined 33.1% and 32.6% respectively. No international regions yielded positive returns for the third quarter.

The domestic fixed income market, as measured by the Lehman Brothers Aggregate Bond Index, returned -0.5% for the third quarter, with the government bond and mortgage sectors providing the only positive returns. High yield and corporate bonds were by far the greatest detractors as failures in the financial sector brought uncertainty and instability to the markets. The London Interbank Offered Rate (LIBOR) increased dramatically as this uncertainty discouraged banks from lending to one another. The Treasury yield curve steepened modestly from the second quarter amidst a flight to quality. Money market funds struggled as several failed to maintain a \$1 net asset value due to exposure to failing financials and extreme illiquidity in the market.

**MAJOR MARKET RETURNS
THIRD QUARTER**

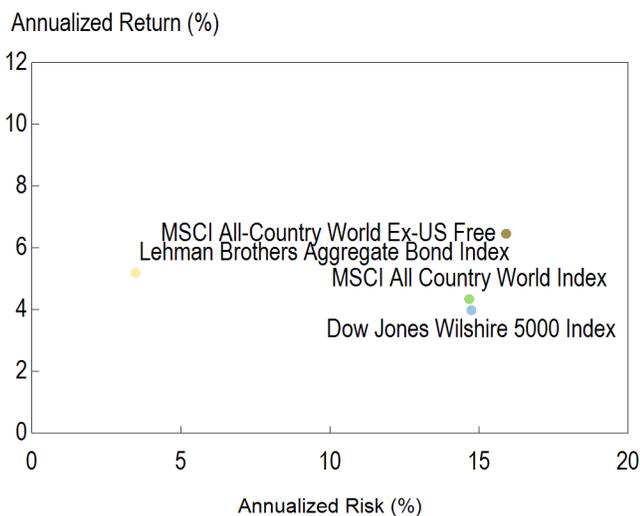


**MAJOR MARKET RETURNS
YEAR-TO-DATE ENDING 9/30/08**

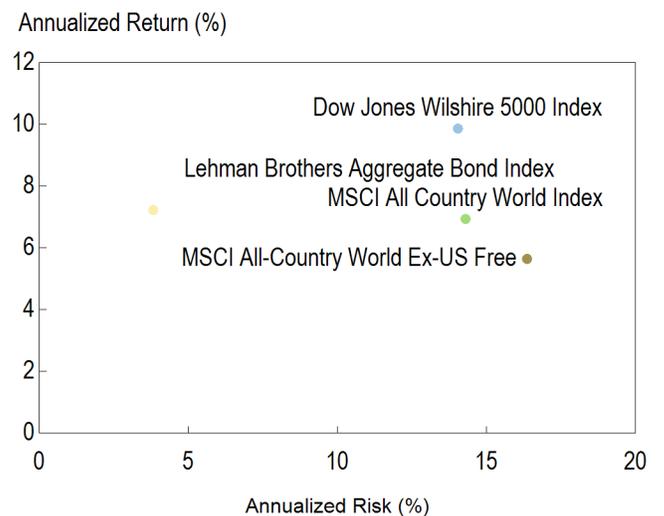


The exhibits above show the performance of the major capital markets during the third quarter and year-to-date period.

**MARKET RISK/RETURN
10 YEARS ENDING 9/30/08**



**MARKET RISK/RETURN
20 YEARS ENDING 9/30/08**

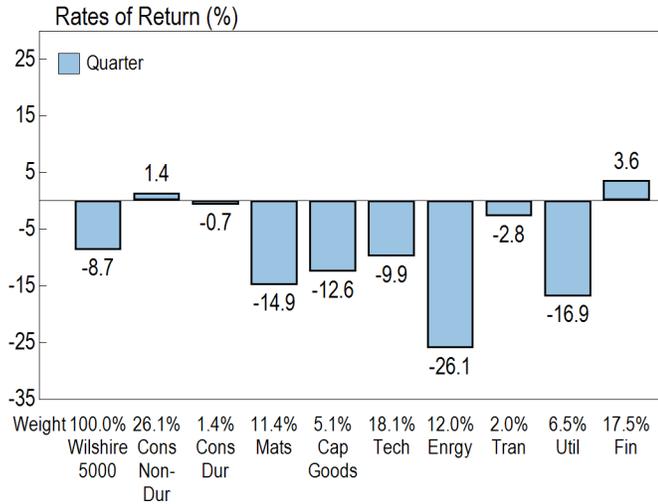


The exhibits above show the historical performance of the major capital markets and the amount of risk (volatility of returns) incurred. Points near the top of the chart represent a greater return and points near the right of the chart indicate greater volatility.

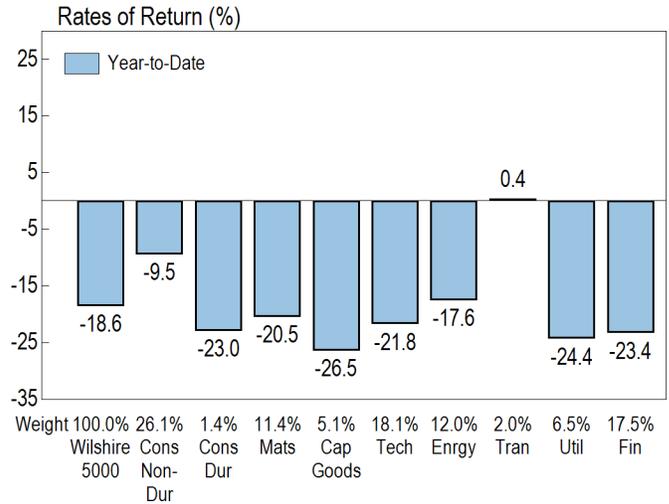
MARKET ENVIRONMENT

U.S. STOCK MARKET

SECTOR RETURNS THIRD QUARTER



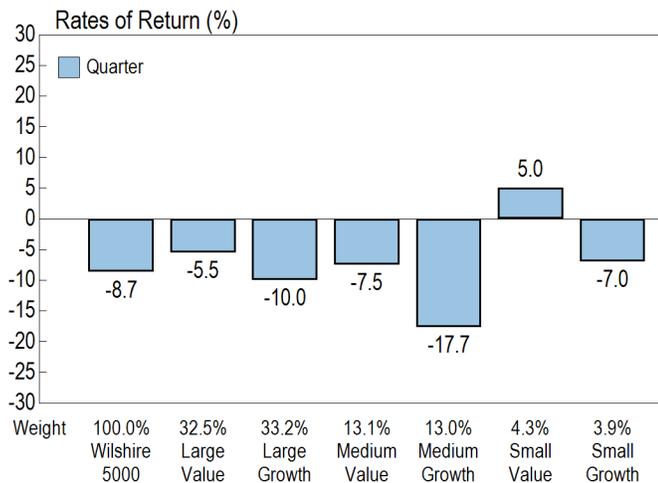
SECTOR RETURNS YEAR-TO-DATE ENDING 9/30/08



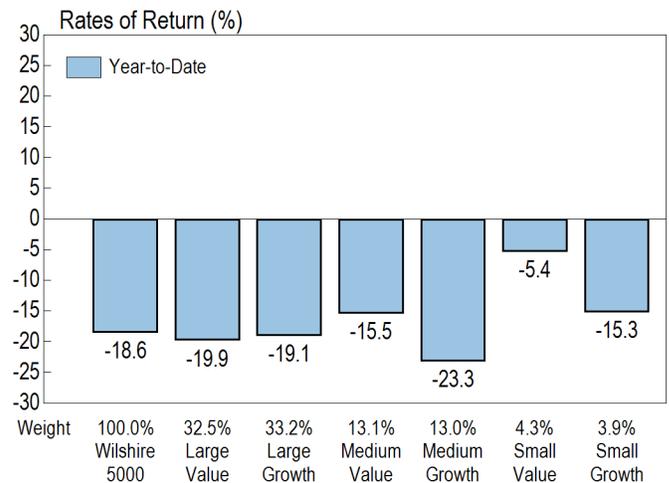
The Dow Jones Wilshire 5000 Index is the broadest available measure of the aggregate domestic stock market. It includes all domestic common stocks with readily available price information.

The exhibits above show the performance of the sectors that comprise the Dow Jones Wilshire 5000 Index. The percentage below each bar indicates the sector's weight within the Dow Jones Wilshire 5000 Index at quarter-end.

STYLE RETURNS THIRD QUARTER

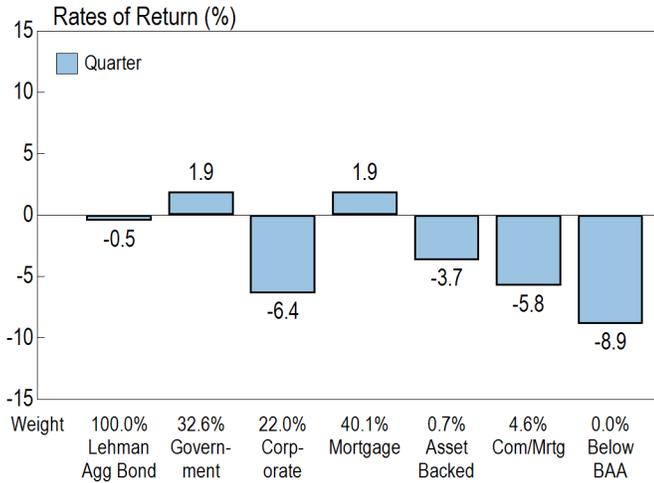


STYLE RETURNS YEAR-TO-DATE ENDING 9/30/08

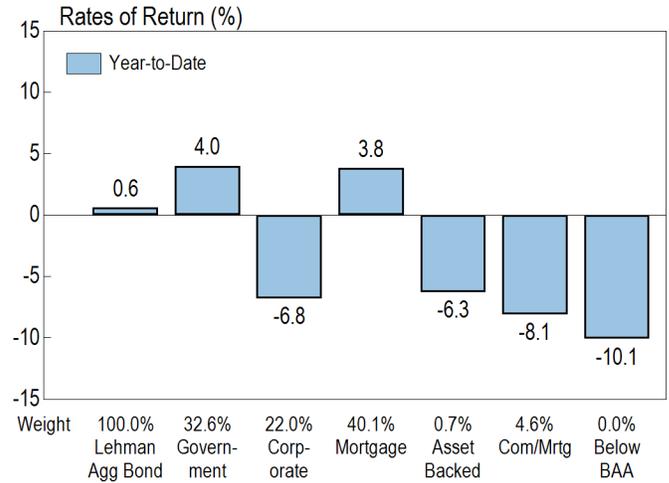


The exhibits above illustrate the performance of stock investment styles according to capitalization (large and small) and style characteristics (value and growth). The percentage below each bar indicates the segment's weight within the Dow Jones Wilshire 5000 Index at quarter-end.

**SECTOR RETURNS
THIRD QUARTER**



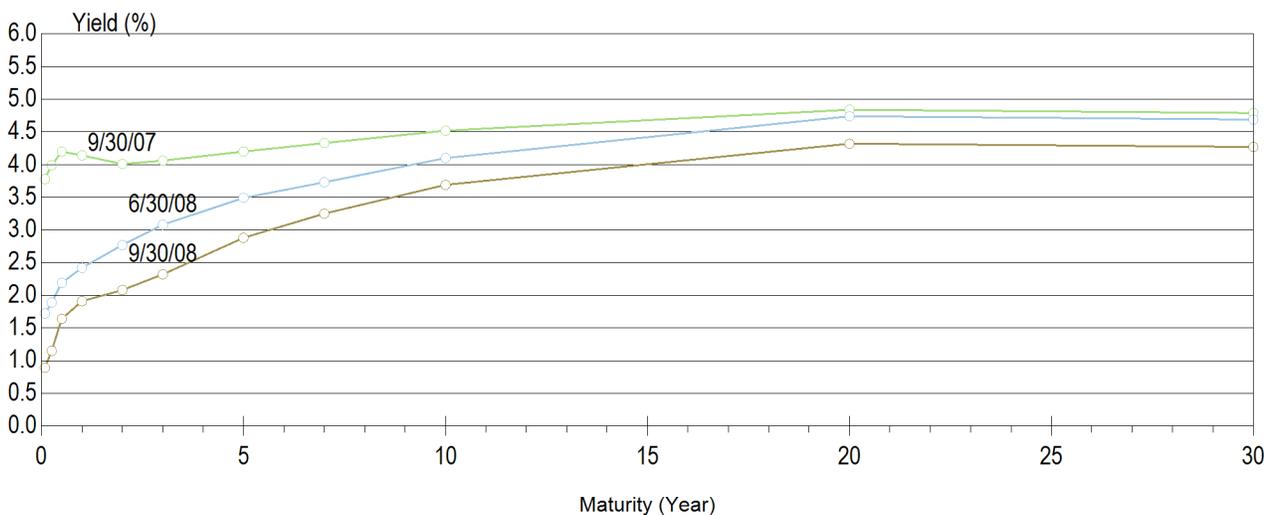
**SECTOR RETURNS
YEAR-TO-DATE ENDING 9/30/08**



The Lehman Brothers Aggregate Bond Index is a broad measure of the U.S. investment grade fixed income market. The Index consists of the corporate, government, and mortgage-backed indexes and includes credit card, auto, and home equity loan-backed securities.

The exhibits above show the performance of the sectors that comprise the broad domestic bond market. The percentage below each bar indicates the sector's weight within the Lehman Brothers Aggregate Bond Index at quarter-end.

U.S. TREASURY CURVE

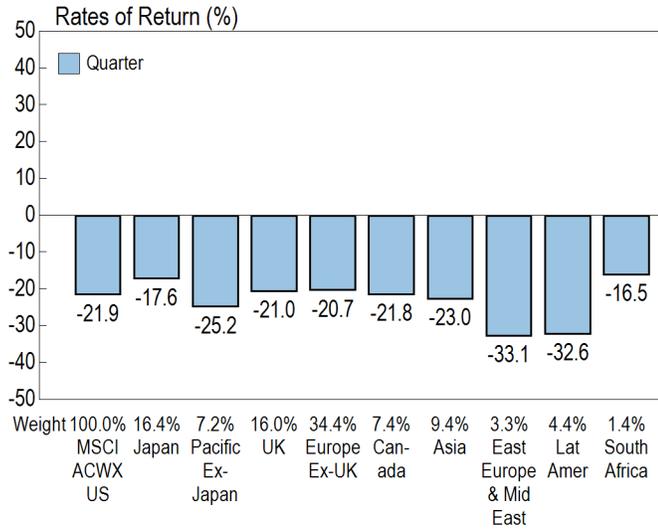


The exhibit above illustrates yields of Treasury securities of various maturities as of September 30, 2007, June 30, 2008, and September 30, 2008.

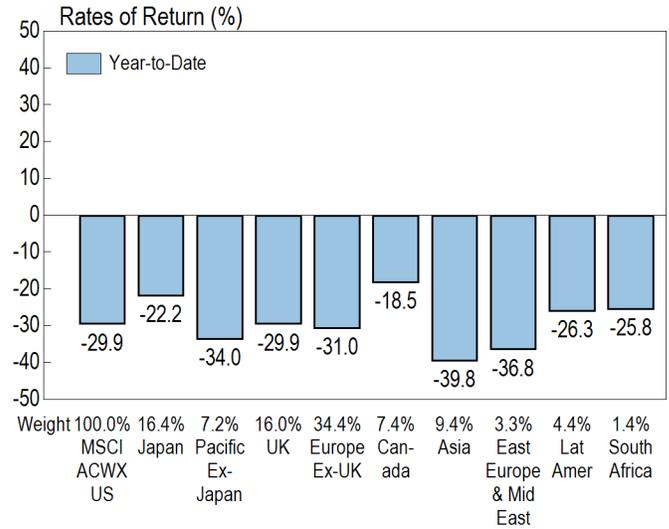
MARKET ENVIRONMENT

NON-U.S. STOCK MARKETS

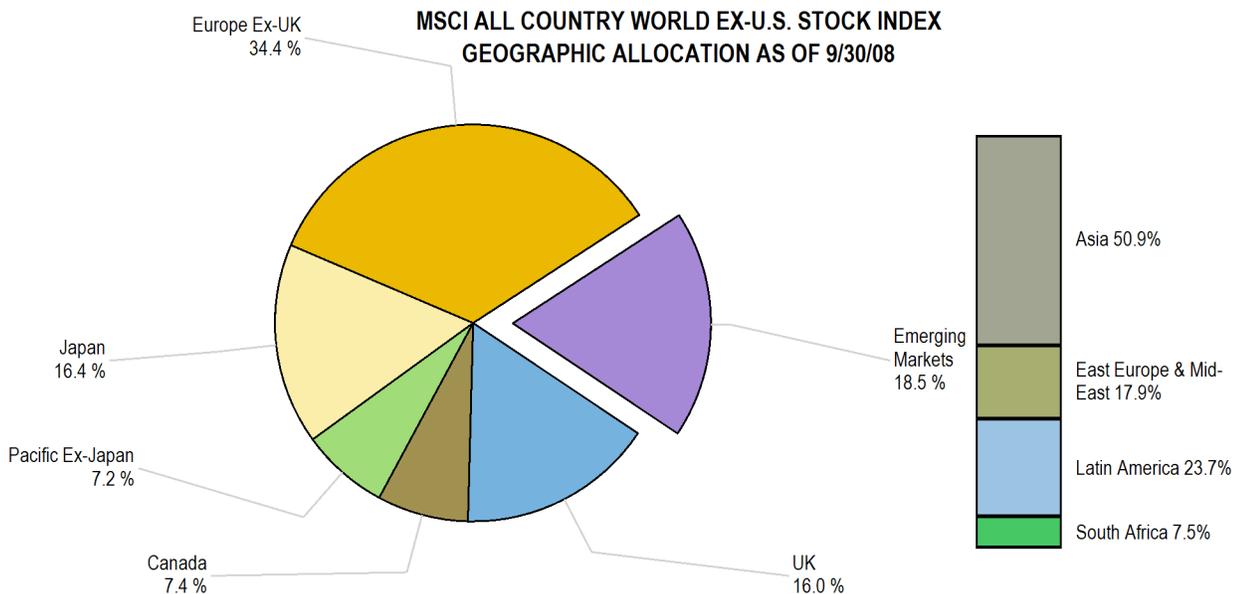
**NON-U.S. STOCK MARKET RETURNS
THIRD QUARTER**



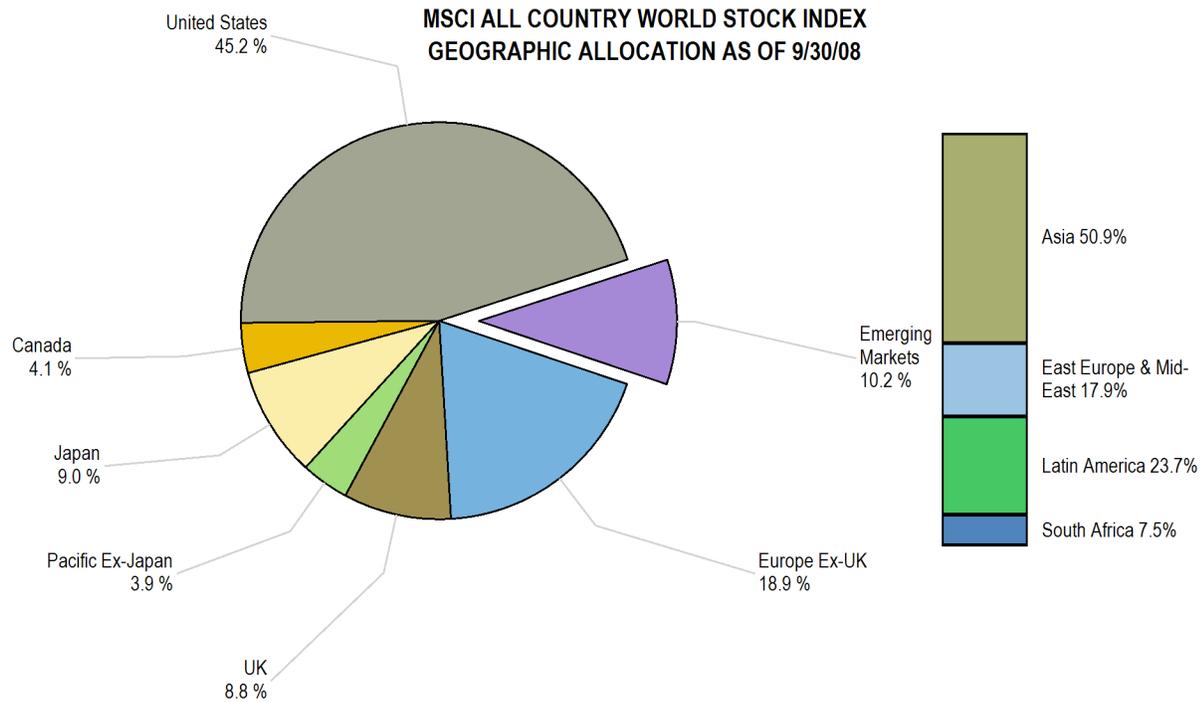
**NON-U.S. STOCK MARKET RETURNS
YEAR-TO-DATE ENDING 9/30/08**



The MSCI All Country World ex-U.S. Index is a capitalization-weighted index of stocks representing 22 developed stock markets and 25 emerging stock markets around the world. The exhibits above show the performance of the regions that comprise the MSCI All Country World ex-U.S. Index at quarter-end.

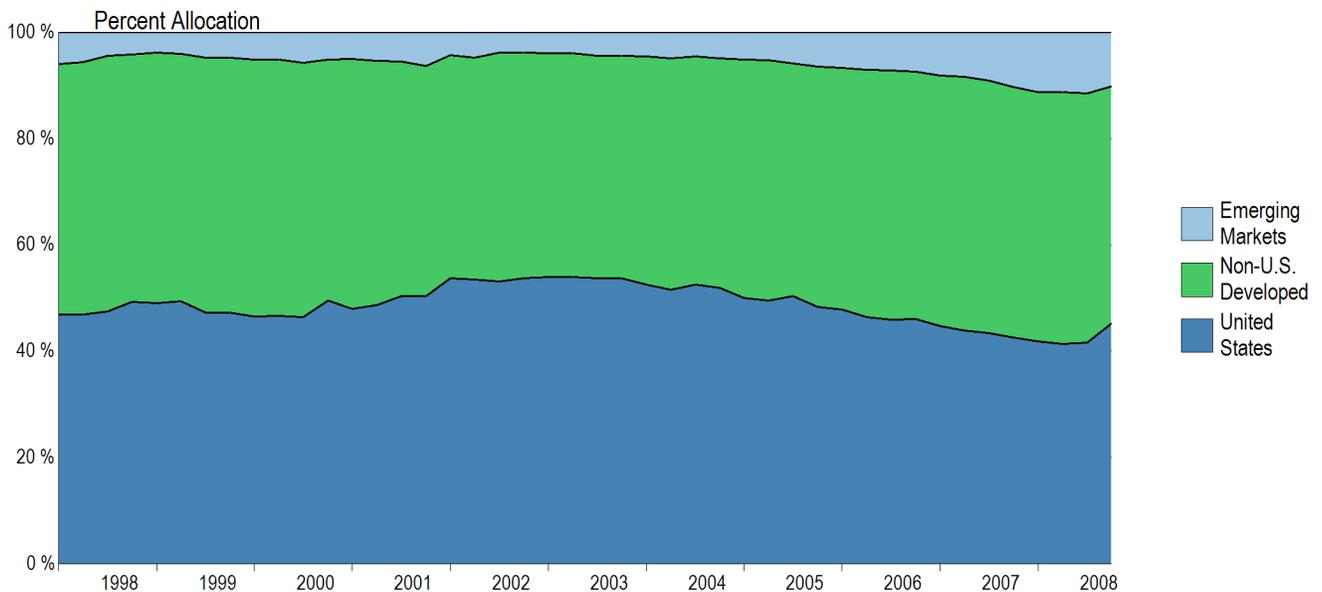


The exhibit above illustrates the percent each region represents of the non-U.S. stock market as measured by the MSCI All Country World ex-U.S. Index.



The MSCI All Country World Index is a capitalization-weighted index of stocks representing 23 developed stock markets and 25 emerging stock markets around the world. The graph above shows the allocation to each region at quarter-end.

ALLOCATION



The graph above shows the changes in the breakdown between the United States, non-U.S. developed markets, and emerging markets in the MSCI All Country World Index over time.

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**RETURN SUMMARY
ENDING 9/30/08**

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
North Shore Savings Fund	0.5%	1.5%	2.3%	3.2%	2.6%
iMoney Net Money Fund Average	0.5	1.7	2.8	3.6	2.5

Investment Strategy

The objective of the North Shore Savings Fund is to preserve capital and provide current income, while maintaining a high level of liquidity. The Fund is FDIC insured.

Performance Commentary

The Fund's short-term instruments continued to provide stability for investors.

The North Shore Savings Fund matched the return of the iMoneyNet Money Fund Average during the third quarter. The Fund lagged the return of the Money Fund Average during the year-to-date and trailing one- and three-year periods, but modestly outperformed over the trailing five-year period. The Fund has met its investment objective of providing participants with a high level of liquidity and capital preservation.

HISTORICAL RETURNS

(BY YEAR)

	North Shore Savings Fund	iMoney Net Money Fund Average	Return Difference
	Return	Return	
1998	5.2%	5.0%	0.2
1999	4.8	4.6	0.2
2000	5.3	5.9	-0.6
2001	4.3	3.7	0.6
2002	1.6	2.1	-0.5
2003	1.4	0.9	0.5
2004	1.3	0.6	0.7
2005	2.8	1.7	1.1
2006	3.7	3.8	-0.1
2007	3.7	4.7	-1.0
2008 (9 months)	1.5	1.7	-0.2
Trailing 1-Year	2.3%	2.8%	-0.5
Trailing 3-Year	3.2	3.6	-0.4
Trailing 5-Year	2.6	2.5	0.1
Trailing 10-Year	3.2	3.1	0.1

STABLE VALUE

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Stable Value Fund	1.2%	3.6%	4.8%	4.8%	4.6%
EnnisKnupp GIC Index	1.2	3.5	4.7	4.4	4.2

Investment Strategy

The Stable Value Fund managed by Great-West seeks to provide a stable rate of return through current income while preserving capital. The Fund invests solely in fixed income securities rated AAA or those issued by the U.S. government and its agencies. The Fund will allocate assets to sectors that management believes offer increased yield potential.

Performance Commentary

During the third quarter, the return of the Stable Value Fund matched that of its benchmark and has exceeded its benchmark during all long-term periods illustrated above. As shown below, Great-West's annual performance has been favorable relative to the benchmark since inception.

HISTORICAL RETURNS (BY YEAR)

	Stable Value Fund	EnnisKnupp GIC Index	Return Difference
	Return	Return	
1998	6.3%	6.2%	0.1
1999	6.3	6.0	0.3
2000	6.5	6.4	0.1
2001	6.5	6.2	0.3
2002	5.7	5.1	0.6
2003	4.3	4.1	0.2
2004	4.2	3.9	0.3
2005	4.5	3.7	0.8
2006	4.8	4.1	0.7
2007	4.9	4.6	0.3
2008 (9 months)	3.6	3.5	0.1
Trailing 1-Year	4.8%	4.7%	0.1
Trailing 3-Year	4.8	4.4	0.4
Trailing 5-Year	4.6	4.2	0.4
Trailing 10-Year	5.3	4.9	0.4

**RETURN SUMMARY
ENDING 9/30/08**

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
PIMCO Total Return Fund Instl	-2.1%	-0.1%	3.8%	4.3%	4.1%
LB Aggregate Bond Index	-0.5	0.6	3.7	4.2	3.8

Investment Strategy

The PIMCO Total Return Fund, Institutional Shares, seeks total return consistent with preservation of capital. The Fund's strategy includes active sector rotation and moderate interest-rate anticipation. PIMCO's objective is to outperform the Lehman Brothers Aggregate Bond Index without incurring greater risk by utilizing innovative investment techniques or identifying sector and issue buying opportunities. The Fund maintains a duration between 3 and 6 years and can invest up to 10% in issues rated below BBB but no lower than B. The Fund may invest up to 20% of assets in non-dollar bonds. In March of 2007, PIMCO's Institutional share class replaced the Administrative share class.

Performance Commentary

The PIMCO Total Return Fund returned -2.1% during the third quarter, underperforming the LB Aggregate Bond Index by 1.6 percentage points. The manager's emphasis on the financial services sector within corporate bonds was the primary detractor during the quarter. The Fund's overweight exposure to Lehman Brothers proved to have the largest impact on performance. Additionally, the Fund's overweight position to AIG suffered due to its substantial price decline. Other positions that hindered performance included PIMCO's overweight allocation to mortgage-backed securities and its front-end yield curve bias. The manager's position on the short end of the U.K. yield curve impacted performance favorably during the quarter.

Effective October 1, 2008 PIMCO will increase fees to several of its funds including the Total Return Fund. The Fund will increase its expense ratio by 3 basis points to 0.46%. PIMCO reported that its reason for increasing the administration fee charged to clients in the impacted funds is the rising cost of providing shareholders in the funds several services pertaining to governance and other administrative services.

Long-term performance remained mixed, as PIMCO has underperformed its benchmark during the year-to-date period, while it has outperformed during the trailing one-, three- and five-year periods.

PIMCO TOTAL RETURN INSTL

FUND CHARACTERISTICS AS OF 9/30/08

	PIMCO Total Return Fund Instl	
Credit Quality	AAA	82%
	AA	14
	A	10
	BBB	-2
	<BBB	5
	Treasury/Agency	-9
Composition	US Gov't/Agency	-9%
	Corporate	16
	Mortgage-Backed	79
	Foreign	5
	Cash	8
	Other	1
Average Maturity/Duration	6.1 years/5.3 years	
Number of Issues	3,939	
Turnover	N/A	
Distriubtion Yield	5.04%	
Inception Date	September 1994	
Total Fund Assets	\$129.6 billion	
Fees	0.43%	

HISTORICAL RETURNS

(BY YEAR)

	PIMCO Total Return Fund Instl	LB Aggregate Bond Index	Return Difference
	Return	Return	
1998	9.5%	8.7%	0.8
1999	-0.5	-0.8	0.3
2000	11.8	11.6	0.2
2001	9.2	8.4	0.8
2002	9.9	10.3	-0.4
2003	5.3	4.1	1.2
2004	4.9	4.3	0.6
2005	2.6	2.4	0.2
2006	3.7	4.3	-0.6
2007	9.0	7.0	2.0
2008 (9 months)	-0.1	0.6	-0.7
Trailing 1-Year	3.8%	3.7%	0.1
Trailing 3-Year	4.3	4.2	0.1
Trailing 5-Year	4.1	3.8	0.3
Trailing 10-Year	5.5	5.2	0.3

RETURN SUMMARY
ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
TRP PS Income	-6.7%	-10.6%	-10.8%	2.3%	5.4%
Custom Benchmark	-4.4	-7.9	-7.8	2.8	4.8

Investment Strategy

T. Rowe Price Personal Strategy Income Fund seeks to provide income, with a secondary goal of capital appreciation. The Fund invests in a variety of both stocks and bonds, with an emphasis on dividend-paying stocks and government and high-quality corporate, income-producing bonds.

The Fund's target asset allocation is 40% stocks, 40% bonds, and 20% cash. Typically, the Fund maintains a 5% - 10% exposure to non-U.S. stocks. It is the most conservative of the three T. Rowe Price lifestyle funds.

Performance Commentary

During the third quarter, the T. Rowe Price Personal Strategy Income Fund lost 6.7% and lagged its benchmark by 2.3 percentage points. The Fund's underperformance was attributed to an overweight allocation to growth stocks in a quarter where growth stocks struggled greatly relative to value stocks. The manager noted that it has reduced the Fund's exposure to growth stocks as the valuations differential between growth and value stocks declined. The best-performing holdings were Treasuries and consumer staples stocks. The Fund continues to maintain an overweight allocation to investment-grade relative to high-yield bonds.

Although the Fund has underperformed during the year-to-date, trailing one- and three-year periods, the Fund's trailing five-year return has exceeded the return of its benchmark.

T. ROWE PRICE

PERSONAL STRATEGY INCOME

FUND CHARACTERISTICS AS OF 9/30/08

	Personal Strategy Income Fund	
Composition	U.S. Stock	34.5%
	Non-U.S. Stock	8.9
	Bonds	44.3
	Cash	12.1
Number of Holdings	Stocks	670
	Bonds	635
Turnover	73%	
Inception Date	July 1994	
Total Fund Assets	\$736.9 million	
Fees	0.77%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Income	Custom Benchmark	Return Difference
	Return	Return	
1998	11.5%	14.1%	-2.6
1999	5.2	9.9	-4.7
2000	6.6	1.0	5.6
2001	0.9	-0.9	1.8
2002	-3.4	-4.1	0.7
2003	18.6	14.3	4.3
2004	9.9	7.4	2.5
2005	5.2	4.5	0.7
2006	9.6	9.3	0.3
2007	7.3	6.3	1.0
2008 (9 months)	-10.6	-7.9	-2.7
Trailing 1-Year	-10.8%	-7.8%	-3.0
Trailing 3-Year	2.3	2.8	-0.5
Trailing 5-Year	5.4	4.8	0.6
Trailing 10-Year	5.4	4.6	0.8

RETURN SUMMARY
ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
TRP PS Balanced	-9.2%	-15.3%	-16.4%	1.4%	6.1%
Custom Benchmark	-6.6	-12.3	-13.0	2.2	5.5

Investment Strategy

T. Rowe Price Personal Strategy Balanced Fund seeks both capital appreciation and income. The Fund invests in a variety of both stocks and bonds, with an emphasis on blue-chip, dividend-paying stocks, government and high-quality corporate, income-producing bonds.

The Fund's neutral asset allocation is 60% stocks, 30% bonds, and 10% cash. Typically, the Fund maintains a 10% exposure to non-U.S. stocks. The balanced fund is the moderate fund relative to the three T. Rowe Price lifestyle funds in terms of expected risk and reward.

Performance Commentary

The T. Rowe Price Personal Strategy Balanced Fund declined 9.2% during the third quarter, trailing its benchmark by 2.6 percentage points. The Fund's underperformance was attributed to an overweight allocation to growth stocks in a quarter where growth stocks struggled greatly relative to value stocks. The manager noted that it has reduced the Fund's exposure to growth stocks as the valuations differential between growth and value stocks declined. The best-performing holdings were Treasuries and consumer staples stocks. The Fund continues to maintain an overweight allocation to investment-grade relative to high-yield bonds.

The Fund has underperformed its benchmark during the year-to-date, trailing one- and three-year periods. However, it has outperformed over the trailing five-year period.

T. ROWE PRICE

PERSONAL STRATEGY BALANCED

FUND CHARACTERISTICS AS OF 9/30/08

	Personal Strategy Balanced Fund	
Composition	U.S. Stock	50.6%
	Non-U.S. Stock	13.3
	Bonds	33.8
	Cash	2.2
Number of Holdings	Stocks	670
	Bonds	643
Turnover	67%	
Inception Date	July 1994	
Total Fund Assets	\$1.3 billion	
Fees	0.81%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Balanced	Custom Benchmark	Return Difference
	Return	Return	
1998	13.9%	17.4%	-3.5
1999	8.0	14.3	-6.3
2000	5.6	-3.0	8.6
2001	-2.5	-4.7	2.2
2002	-7.7	-9.2	1.5
2003	24.4	20.4	4.0
2004	12.6	9.6	3.0
2005	6.4	5.6	0.8
2006	11.9	12.1	-0.2
2007	7.7	6.5	1.2
2008 (9 months)	-15.3	-12.3	-3.0
Trailing 1-Year	-16.4%	-13.0%	-3.4
Trailing 3-Year	1.4	2.2	-0.8
Trailing 5-Year	6.1	5.5	0.6
Trailing 10-Year	5.7	4.7	1.0

RETURN SUMMARY
ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
TRP PS Growth	-11.5%	-19.7%	-21.7%	0.5%	6.5%
Custom Benchmark	-8.5	-16.3	-17.8	1.5	6.1

Investment Strategy

T. Rowe Price Personal Strategy Growth Fund seeks capital appreciation, with a secondary goal of income. The Fund invests in a variety of both stocks and bonds, with an emphasis on blue-chip, dividend-paying stocks, government and high-quality corporate, and income-producing bonds.

The Fund's neutral asset allocation is 80% stocks and 20% bonds. Typically, the Fund maintains a 15% - 25% exposure to non-U.S. stocks. The growth fund has the highest expected risk/reward profile of the three T. Rowe Price lifestyle funds.

Performance Commentary

The T. Rowe Price Personal Strategy Growth Fund posted a return of -11.5% during the quarter, underperforming its benchmark by 3.0 percentage points. The Fund's underperformance was attributed to an overweight allocation to growth stocks in a quarter where growth stocks struggled greatly relative to value stocks. The manager noted that it has reduced the Fund's exposure to growth stocks as the valuations differential between growth and value stocks declined. The best-performing holdings were Treasuries and consumer staples stocks. The Fund continues to maintain an overweight allocation to investment-grade relative to high-yield bonds.

The Fund's long-term performance remained mixed, as illustrated above. The Fund has lagged its benchmark during the year-to-date, trailing one- and three-year periods, but has outperformed over the trailing five-year period.

T. ROWE PRICE

PERSONAL STRATEGY GROWTH

FUND CHARACTERISTICS AS OF 9/30/08

	Personal Strategy Growth Fund	
Composition	U.S. Stock	67.0%
	Non-U.S. Stock	17.9
	Bonds	14.9
	Cash	0.0
Number of Holdings	Stocks	670
	Bonds	547
Turnover	53%	
Inception Date	July 1994	
Total Fund Assets	\$1.0 billion	
Fee	0.86%	

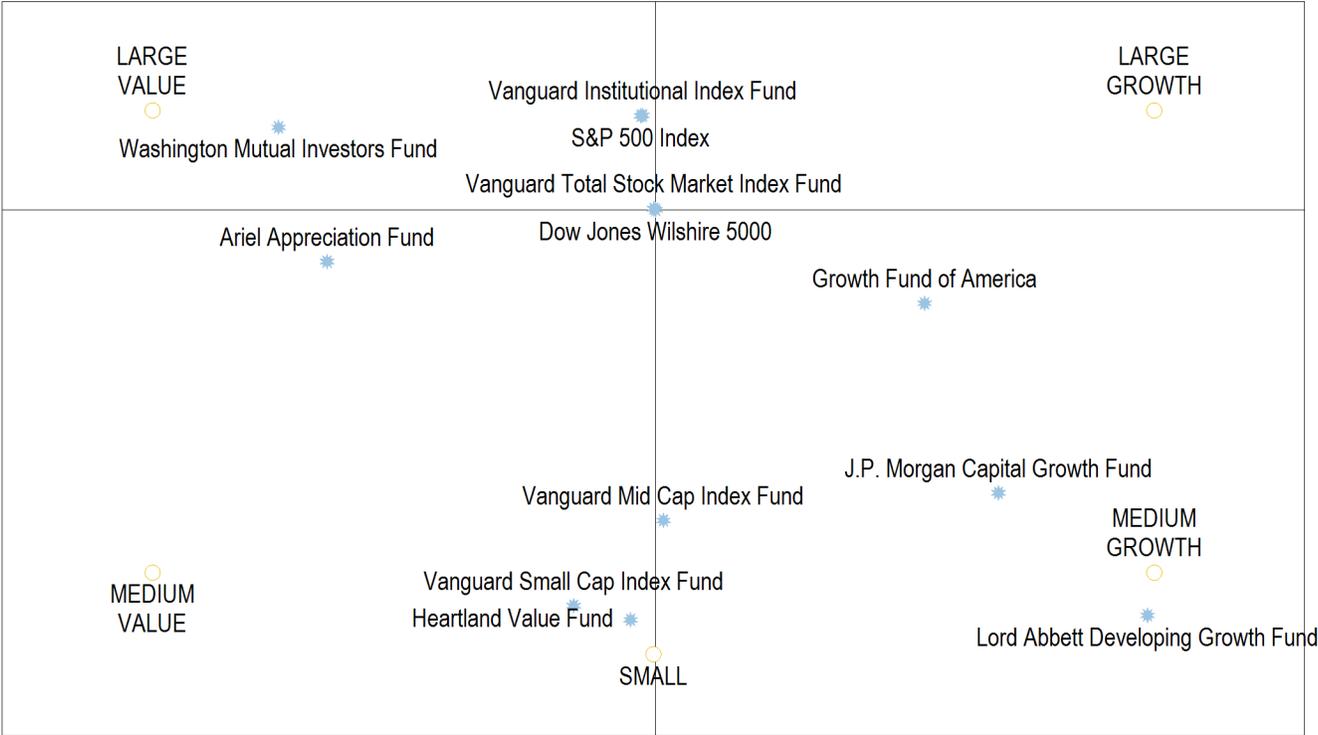
HISTORICAL RETURNS

(BY YEAR)

	TRP PS Growth	Custom Benchmark	Return Difference
	Return	Return	
1998	15.6%	20.6%	-5.0
1999	11.2	18.8	-7.6
2000	4.7	-7.0	11.7
2001	-6.0	-8.4	2.4
2002	-12.4	-14.4	2.0
2003	29.3	26.6	2.7
2004	15.0	11.8	3.2
2005	7.6	6.5	1.1
2006	14.1	14.7	-0.6
2007	7.8	6.7	1.1
2008 (9 months)	-19.7	-16.3	-3.4
Trailing 1-Year	-21.7%	-17.8%	-3.9
Trailing 3-Year	0.5	1.5	-1.0
Trailing 5-Year	6.5	6.1	0.4
Trailing 10-Year	5.6	4.6	1.0

U.S. STOCK FUNDS - INVESTMENT STYLE

EFFECTIVE STYLE MAP
7 YEARS ENDING 9/30/08



WASHINGTON MUTUAL INVESTORS

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Washington Mutual Investors Fund	-4.5%	-16.1%	-20.5%	1.5%	5.7%
Russell 1000 Value Index	-6.1	-18.9	-23.6	0.1	7.1
S&P 500 Index	-8.4	-19.3	-22.0	0.2	5.2

Investment Strategy

Washington Mutual Investors Fund seeks both income and growth of capital. The Fund invests in stocks that meet the fiduciary requirements for the investment of trust funds. This includes companies that have paid consistent dividends and excludes those that derive their primary revenues from alcohol or tobacco (this guideline was replaced by ERISA in 1974, but has been an investment principle for this fund since its 1952 inception). In particular, they seek companies that have paid dividends in at least nine of the last ten years.

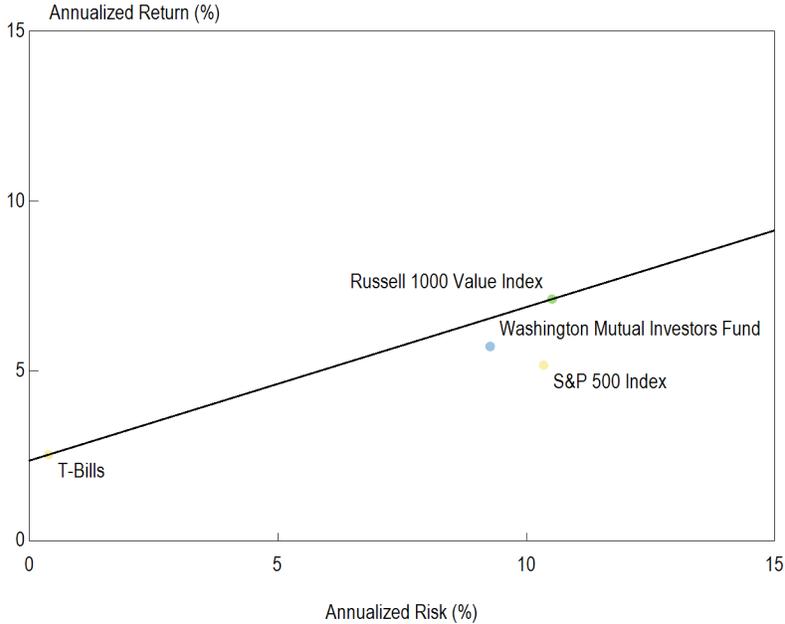
Capital Research & Management (the American Funds family) provides investment services for this Fund. Management looks for stocks with strong long-term prospects selling at low prices. The Fund may invest up to 5% of assets in securities of non-U.S. issuers.

Performance Commentary

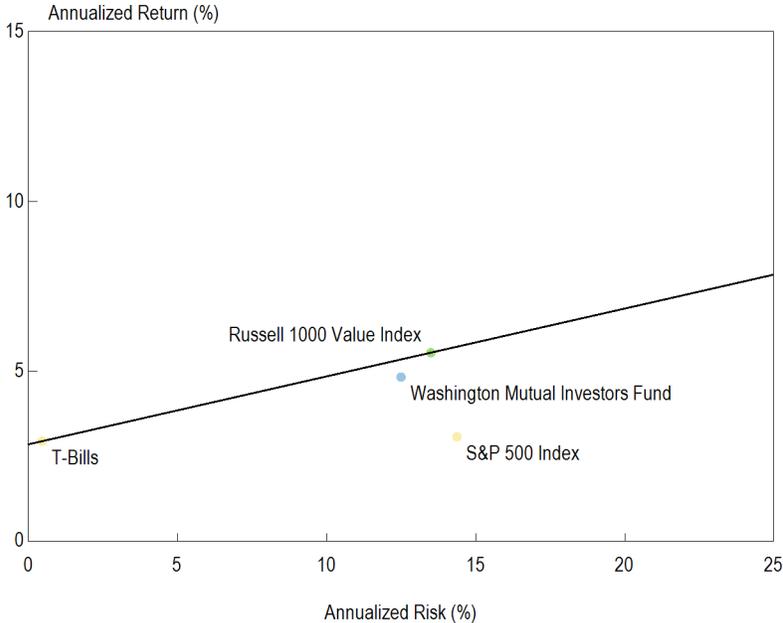
The Washington Mutual Investors Fund declined 4.5% during the third quarter, but outperformed the Russell 1000 Value Index and S&P 500 Index. The Fund benefited from underweight allocations to the energy and information technology sectors. Additionally, positive stock selection within the materials and industrial sectors aided performance. From an industry perspective, commercial banks and computers and peripherals were top contributors. Conversely, electric utilities and thrift and mortgage financials impeded performance. Further detracting from the Fund's return was an overweight allocation in the telecommunication service sector and weak stock selection in the utilities and health care sectors.

The Fund's performance over longer-term periods remained mixed. The Fund has outpaced the returns of both the Russell 1000 Value Index and the S&P 500 Index during the year-to-date and trailing one- and three-year periods. However, over the five-year period, the Fund has trailed the return of the Russell 1000 Value Index due to a period of relative weak results from 2003 to 2006. The Fund's longer term results are close to those of the S&P 500 Index, the Fund's internal benchmark.

**ANNUALIZED RISK RETURN
5 YEARS ENDING 9/30/08**



**ANNUALIZED RISK RETURN
10 YEARS ENDING 9/30/08**



WASHINGTON MUTUAL INVESTORS

FUND CHARACTERISTICS AS OF 9/30/08

	Washington Mutual Investors Fund	
Style Characteristics	Value	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.92	
Composition	U.S. Stocks	93.8%
	Non-U.S. Stocks	3.1
	Cash	3.1
Number of Issues	120	
Turnover	18%	
Inception Date	July 1952	
Total Fund Assets	\$64.3 billion	
Fees	0.57%	

HISTORICAL RETURNS

(BY YEAR)

	Washington Mutual Investors Fund	Russell 1000 Value Index	Return Difference
	Return	Return	
1998	19.4 %	15.6 %	3.8
1999	1.2	7.4	-6.2
2000	9.1	7.0	2.1
2001	1.5	-5.6	7.1
2002	-14.8	-15.5	0.7
2003	25.8	30.0	-4.2
2004	9.9	16.5	-6.6
2005	3.5	7.0	-3.5
2006	18.0	22.2	-4.2
2007	4.0	-0.2	4.2
2008 (9 months)	-16.1	-18.9	2.8
Trailing 1-Year	-20.5 %	-23.6 %	3.1
Trailing 3-Year	1.5	0.1	1.4
Trailing 5-Year	5.7	7.1	-1.4
Trailing 10-Year	4.8	5.5	-0.7

*Relative to the Russell 1000 Value Index.

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Vanguard Institutional Index Fund	-8.3%	-19.3%	-22.0%	0.2%	5.2%
S&P 500 Index	-8.4	-19.3	-22.0	0.2	5.2

Investment Strategy

The Vanguard Institutional Index Fund is designed to approximate the performance of the S&P 500 Stock Index. The fund holds a capitalization-weighted position in all 500 securities of the S&P 500 Stock Index.

Management uses S&P 500 Index futures to manage fund inflows and outflows.

Milwaukee County switched from the retail Vanguard 500 Index Fund to the Vanguard Institutional Index Fund in May 1999.

Performance Commentary

The Vanguard Institutional Index Fund declined 8.3% and approximated the return of the S&P Index during the quarter. Energy (-25.0%) and materials (-22.9%) were Index's worst performing sectors, while consumer staples (+4.1%) was the only sector that had a positive return. Although the financial sector experienced a difficult market environment, it was the third best performing sector in the Index with a return of -0.1%.

The Fund has matched the return of the Index during all long-term periods illustrated above.

VANGUARD INSTITUTIONAL INDEX

FUND CHARACTERISTICS AS OF 9/30/08

	Vanguard Institutional Index Fund	
Style Characteristics	Core	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	1.00	
Composition	U.S. Stocks	99.9%
	Non-U.S. Stocks	0.1
Number of Issues	511	
Turnover**	7%	
Inception Date	July 1990	
Total Fund Assets	\$61.3 billion	
Fees	0.05%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Institutional Index Fund	S&P 500 Index	Return Difference
	Return	Return	
1998	28.8%	28.6%	0.2
1999	21.2	21.0	0.2
2000	-8.9	-9.1	0.2
2001	-11.9	-11.9	0.0
2002	-22.0	-22.1	0.1
2003	28.7	28.7	0.0
2004	10.9	10.9	0.0
2005	4.9	4.9	0.0
2006	15.8	15.8	0.0
2007	5.5	5.5	0.0
2008 (9 months)	-19.3	-19.3	0.0
Trailing 1-Year	-22.0%	-22.0%	0.0
Trailing 3-Year	0.2	0.2	0.0
Trailing 5-Year	5.2	5.2	0.0
Trailing 10-Year	3.1	3.1	0.0

*Relative to the S&P 500 Index.

**RETURN SUMMARY
ENDING 9/30/08**

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Growth Fund of America	-15.0%	-20.6%	-22.7%	1.1%	7.2%
Russell 1000 Growth Index	-12.3	-20.3	-20.9	0.0	3.7

Investment Approach

Capital Research and Management is the sub-advisor for the Growth Fund of America. Capital Research uses a multiple-counselor system in managing the portfolio's assets. The portfolio is divided into segments and the counselors manage their respective segments autonomously. The research analysts are responsible for making the investment decisions for one of the segments.

The Capital Research and Management Investment Committee is responsible for making sure the portfolio stays within its limits and adheres to its investment policies. The objective of the Fund is to provide long-term growth of capital by investing in a diversified portfolio of common stocks while using a growth-at-a-reasonable price strategy. The Fund may invest up to 15% of its assets in companies domiciled outside the U.S. This Fund is less volatile than most large cap growth funds.

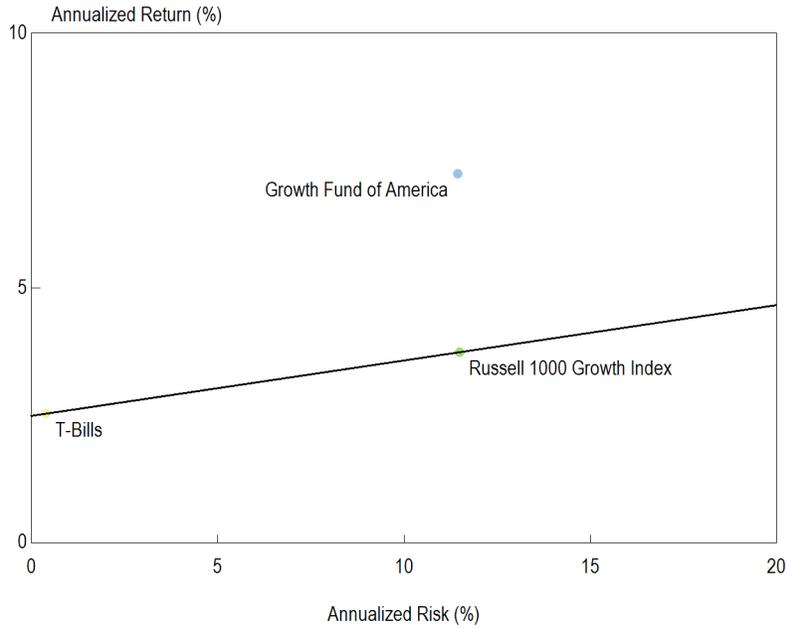
Performance Commentary

The American Funds Growth Fund of America posted a third quarter return of -15.0%, underperforming the Russell 1000 Growth Index. The Fund's performance was negatively impacted by allocations to the energy, consumer staples, and financials sectors. Conversely, an underweight to the industrials and information technology sectors aided performance. The Fund's guidelines allow for the portfolio management team to opportunistically invest in non-U.S. securities. As of September 30, 2008, 20.3% of the Fund's assets were invested outside the United States. From a country perspective, the manager's holdings within Germany, Puerto Rico, France, India, and Spain contributed favorably to relative results.

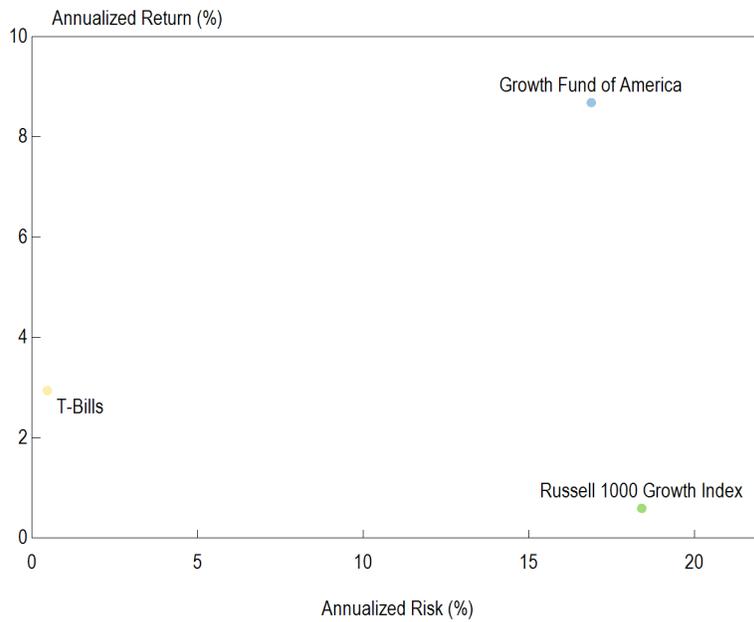
Although the manager has underperformed its benchmark during the year-to-date and trailing one-year periods, it has outperformed during the trailing three- and five-year periods.

GROWTH FUND OF AMERICA

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/08



FUND CHARACTERISTICS AS OF 9/30/08

	Growth Fund of America	
Style Characteristics	Growth	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.88	
Composition		
	U.S. Stocks	70.8%
	Non-U.S. Stocks	16.2
	U.S. Bonds	0.0
	Cash	13.0
Number of Issues	290	
Turnover	32%	
Inception Date	December 1973	
Total Fund Assets	\$157.1 billion	
Fees	0.35%	

HISTORICAL RETURNS

(BY YEAR)

	Growth Fund of America	Russell 1000 Growth Index	Return Difference
	Return	Return	
1998	31.8%	38.7%	-6.9
1999	45.7	33.2	12.5
2000	7.5	-22.4	29.9
2001	-12.3	-20.4	8.1
2002	-21.8	-27.9	6.1
2003	33.3	29.8	3.5
2004	12.2	6.3	5.9
2005	14.5	5.3	9.2
2006	11.2	9.1	2.1
2007	11.3	11.8	-0.5
2008 (9 months)	-20.6	-20.3	-0.3
Trailing 1-Year	-22.7%	-20.9%	-1.8
Trailing 3-Year	1.1	0.0	1.1
Trailing 5-Year	7.2	3.7	3.5
Trailing 10-Year	8.7	0.6	8.1

*Relative to the Russell 1000 Growth Index.

VANGUARD TOTAL STOCK MARKET INDEX

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Vanguard Total Stock Market Index Fund	-8.5%	-18.4%	-21.1%	0.6%	6.0%
Performance Benchmark	-8.5	-18.5	-21.2	0.6	6.0

Investment Strategy

The objective of the Vanguard Total Stock Market Index Fund is to approximate the return of the MSCI U.S. Broad Market Index. The Vanguard Total Stock Market Index Fund utilizes a sampling technique that approximates the industry weightings and market capitalizations of the MSCI U.S. Broad Market Index. The Fund will replicate the weightings of the largest stocks in the Index and invest in a representative sample for the remaining portion. Through computer modeling techniques, management intends to match the Index's characteristics, including sector weightings, yield, price ratios, and risk.

Performance Commentary

During the third quarter, the Vanguard Total Stock Market Index Fund matched the return of its benchmark. Over the longer-term periods shown above, the Fund has approximated the return of its benchmark. The Vanguard Total Stock Market Index Fund has provided participants with broad, low cost exposure to the U.S. equity market.

An explanation of the Performance Benchmark can be found in the Appendix.

VANGUARD TOTAL STOCK MARKET INDEX

FUND CHARACTERISTICS AS OF 9/30/08

	Vanguard Total Stock Market Index Fund	
Style Characteristics	Core	
Capitalization Focus	Large and Medium	
Level of Diversification	Diversified	
Market Risk (Beta)*	1.00	
Composition		
	U.S. Stocks	100.0%
	Non-U.S. Stocks	0.0
	Cash	0.0
Number of Issues	3,494	
Turnover	4%	
Inception Date	April 1992	
Total Fund Assets	\$98.6 billion	
Fees	0.05%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Total Stock Market Index Fund	Performance Benchmark	Return Difference
	Return	Return	
1998	23.3%	23.4%	-0.1
1999	23.8	23.6	0.2
2000	-10.6	-10.9	0.3
2001	-10.9	-11.0	0.1
2002	-21.0	-20.9	-0.1
2003	31.4	31.7	-0.3
2004	12.6	12.6	0.0
2005	6.1	6.2	-0.1
2006	15.7	15.7	0.0
2007	5.6	5.6	0.0
2008 (9 months)	-18.4	-18.5	0.1
Trailing 1-Year	-21.1%	-21.2%	0.1
Trailing 3-Year	0.6	0.6	0.0
Trailing 5-Year	6.0	6.0	0.0
Trailing 10-Year	4.0	4.0	0.0

*Relative to the Performance Benchmark (DJ Wilshire 5000 Stock Index prior to April 2005, MSCI Broad Market Index thereafter).

J.P. MORGAN CAPITAL GROWTH

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
J.P. Morgan Capital Growth Fund	-16.8%	-23.0%	-23.7%	1.1%	7.7%
Performance Benchmark	-17.7	-23.4	-24.7	-0.8	6.5

Investment Strategy

The J.P. Morgan Capital Growth Fund seeks long-term capital growth. Income is not an objective. The Fund invests in stocks of mid cap companies with market capitalizations of \$1 billion to \$5 billion. The current benchmark is the Russell MidCap Growth Index; however, the Fund's actual allocations can vary from those in the Index.

The Fund may invest up to 20% of assets in foreign stocks, although management has typically maintained a small foreign allocation.

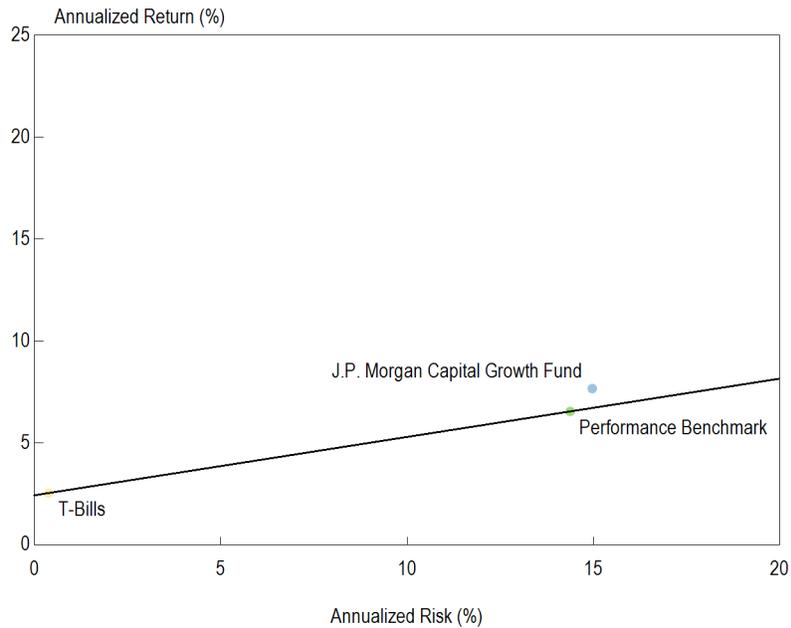
Performance Commentary

Although negative in absolute terms, J.P. Morgan Capital Growth Fund exceeded the return of its benchmark by 0.9 percentage points. The Fund benefited from an overweight allocation to the health care sector and favorable stock selection within the auto and transportation sector. Among the Fund's top holdings, Stericycle (+14.0%) and DaVita (+7.3%) were the best performers. On the other hand, stock selection in the producer durables and technology sectors detracted from performance.

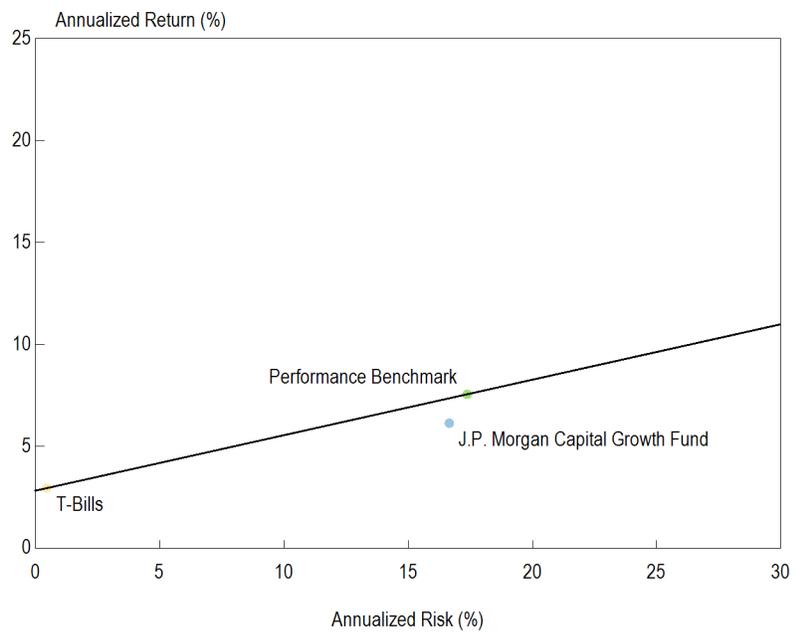
Longer-term relative performance remains favorable, as the Fund has outperformed its benchmark during all long-term periods shown above.

An explanation of the Performance Benchmark can be found in the Appendix.

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/08



J.P. MORGAN CAPITAL GROWTH

FUND CHARACTERISTICS AS OF 9/30/08

	J.P. Morgan Capital Growth Fund	
Style Characteristics	Growth	
Capitalization Focus	Medium	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.70	
Composition	U.S. Stocks	96.5%
	Non-U.S. Stocks	0.1
	Cash	3.4
Number of Issues	88	
Turnover	107%	
Inception Date	September 1987	
Total Fund Assets	\$793.4 million	
Fees	1.14%	

HISTORICAL RETURNS

(BY YEAR)

	J.P. Morgan Capital Growth Fund	Performance Benchmark	Return Difference
	Return	Return	
1998	5.5%	0.4%	5.1
1999	12.8	19.0	-6.2
2000	14.2	17.5	-3.3
2001	-4.5	-0.6	-3.9
2002	-28.1	-27.4	-0.7
2003	36.1	42.7	-6.6
2004	16.9	15.5	1.4
2005	9.7	12.1	-2.4
2006	10.9	10.6	0.3
2007	17.0	11.4	5.6
2008 (9 months)	-23.0	-23.4	0.4
Trailing 1-Year	-23.7%	-24.7%	1.0
Trailing 3-Year	1.1	-0.8	1.9
Trailing 5-Year	7.7	6.5	1.2
Trailing 10-Year	6.1	7.5	-1.4

*Relative to J.P. Morgan's Performance Benchmark.

RETURN SUMMARY
ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Ariel Appreciation Fund	-4.0%	-15.5%	-20.5%	-2.1%	3.6%
Russell 2500 Index	-6.7	-14.3	-18.0	0.9	8.1

Investment Strategy

The Ariel Appreciation Fund seeks long-term capital appreciation, income is not an objective. Management invests in small- and mid-cap U.S. companies that meet environmentally responsible standards. By prospectus, the Fund may not purchase companies involved in the manufacturing of weapons, nuclear energy, or tobacco related products.

Management seeks stocks that are industry leaders or that occupy an industry niche and are selling at a discount to growth-rate projections. Although the Fund is relatively concentrated, management has generally avoided large stakes in growth industries such as technology and health care.

Performance Commentary

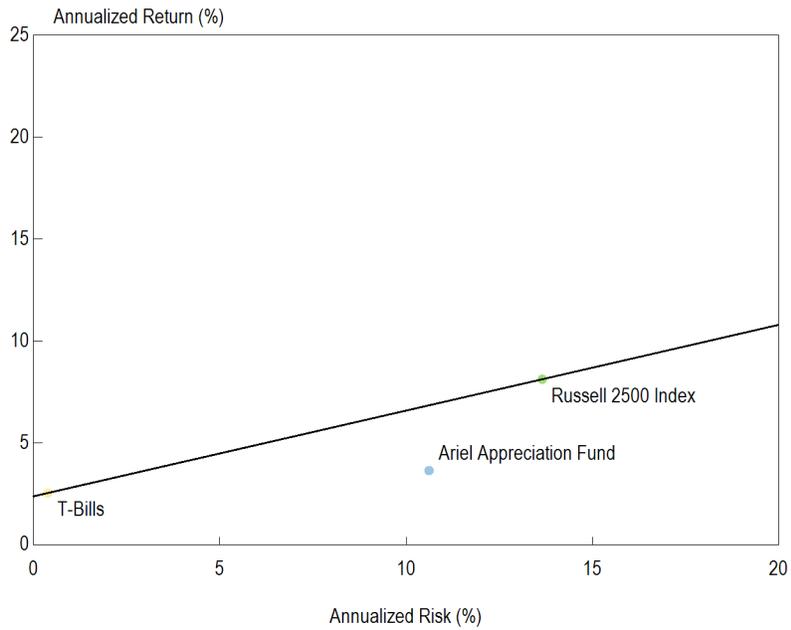
During the third quarter, the Ariel Appreciation Fund declined 4.0%, but exceeded the return of the Russell 2500 Index by 2.7 percentage points. Holdings in the consumer staples sector contributed positively to the Fund's performance as holdings in the sector benefited from falling commodity prices. City National Corp. (+30.3%) was one the Fund's top performers, as many banks produced large gains in September after the announcement of a financial rescue plan was made. Holdings within commercial real estate and telecommunication services were one of the largest detractors of performance, specifically CB Richard Ellis Group (-30.4%) and CBS Corp. (-23.9%). While CB Richard Ellis has been impacted by the credit crisis, it has been doing well relative to its competitors and Ariel believes in the company's unique capabilities. Additionally, Ariel believes in CBS's long-term value and is not focused on the decline in earnings during the current economic downturn.

In July's meeting, the Committee decided to replace the Ariel Appreciation Fund with the Vanguard Mid Cap Index Fund. The change became effective on October 28th.

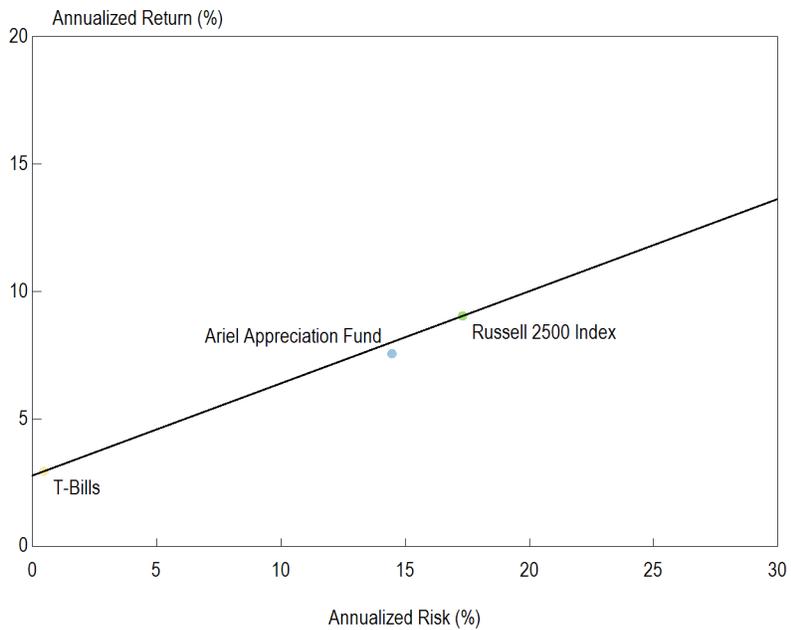
The Fund's longer-term returns remain unfavorable, as the Fund has underperformed the Russell 2500 Index over all periods illustrated above.

ARIEL APPRECIATION

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/08



FUND CHARACTERISTICS AS OF 9/30/08

	Ariel Appreciation Fund	
Style Characteristics	Value	
Capitalization Focus	Small to Medium	
Level of Diversification	Somewhat Concentrated	
Market Risk (Beta)*	0.63	
Composition	U.S. Stocks	99.7%
	Cash	0.3
Number of Issues	33	
Turnover	26%	
Inception Date	December 1989	
Total Fund Assets	\$1.5 billion	
Fees	1.12%	

HISTORICAL RETURNS

(BY YEAR)

	Ariel Appreciation Fund	Russell 2500 Index	Return Difference
	Return	Return	
1998	19.5 %	0.4 %	19.1
1999	-3.8	24.1	-27.9
2000	18.8	4.3	14.5
2001	16.2	1.2	15.0
2002	-10.4	-17.8	7.4
2003	31.0	45.5	-14.5
2004	13.1	18.3	-5.2
2005	2.9	8.1	-5.2
2006	10.9	16.2	-5.3
2007	-1.4	1.4	-2.8
2008 (9 months)	-15.5	-14.3	-1.2
Trailing 1-Year	-20.5%	-18.0%	-2.5
Trailing 3-Year	-2.1	0.9	-3.0
Trailing 5-Year	3.6	8.1	-4.5
Trailing 10-Year	7.6	9.0	-1.4

*Relative to the Russell 2500 Index.

VANGUARD SMALL CAP INDEX

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Vanguard Small Cap Index Fund	-5.0%	-12.8%	-17.1%	1.2%	8.6%
Small-Cap Index	-5.1	-12.9	-17.3	1.1	8.6

Investment Strategy

The Vanguard Small Cap Index Fund's strategy is designed to track the investment performance of the MSCI U.S. 1750 Small Cap Index, which is comprised of the 1,750 smallest stocks out of the 2,500 largest stocks. Prior to May 17, 2003, the Fund replicated the Russell 2000 Index. Prior to June 30, 2003, the fund used a sampling technique to track the Russell 2000 Index. The Fund was moved from Admiral shares to the new Signal share class on 10/6/2007.

Performance Commentary

During the third quarter, the Fund approximated the return of its benchmark. The Fund has experienced modest positive tracking error over the year-to-date and trailing one- and three-year periods.

An explanation of the Performance Benchmark can be found in the Appendix.

VANGUARD SMALL CAP INDEX

FUND CHARACTERISTICS AS OF 9/30/08

	Vanguard Small Cap Index Fund	
Style Characteristics	Core	
Capitalization Focus	Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	1.00	
Composition	U.S. Stocks	99.0%
	Non-U.S. Stocks	1.0
	Cash	0.0
Number of Issues	1,737	
Turnover	16%	
Inception Date	October 1960	
Total Fund Assets	\$13.8 billion	
Fees	0.11%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Small Cap Index Fund	Small-Cap Index	Return Difference
	Return	Return	
1998	-2.6%	-2.5%	-0.1
1999	23.1	21.3	1.8
2000	-2.7	-3.0	0.3
2001	3.1	2.5	0.6
2002	-20.0	-20.5	0.5
2003	45.6	47.5	-1.9
2004	19.9	20.0	-0.1
2005	7.4	7.5	-0.1
2006	15.8	15.8	0.0
2007	1.2	1.2	0.0
2008 (9 months)	-12.8	-12.9	0.1
Trailing 1-Year	-17.1%	-17.3%	0.2
Trailing 3-Year	1.2	1.1	0.1
Trailing 5-Year	8.6	8.6	0.0
Trailing 10-Year	8.2	8.0	0.2

*Relative to the Vanguard Small Cap Index Performance Benchmark

LORD ABBETT DEVELOPING GROWTH

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Lord Abbett Developing Growth Fund	-11.8 %	-26.5 %	-23.5 %	4.8 %	7.7 %
Russell 2000 Growth Index	-7.0	-15.3	-17.1	1.5	6.6

Investment Approach

Management of the Lord Abbett Developing Growth Fund employs a process of fundamental research to identify small cap companies that are entering a period of dramatic growth. Management begins by combining growth, balance sheet, and financial statement factors to identify a promising universe of approximately 400 stocks. Portfolio managers and analysts then undertake fundamental and industry research, including company, customer and supplier visits, to select businesses with growth and earnings prospects. However, management sets valuation limits on purchase candidates, preferring to buy stocks at low valuations and then hold them throughout several growth stages.

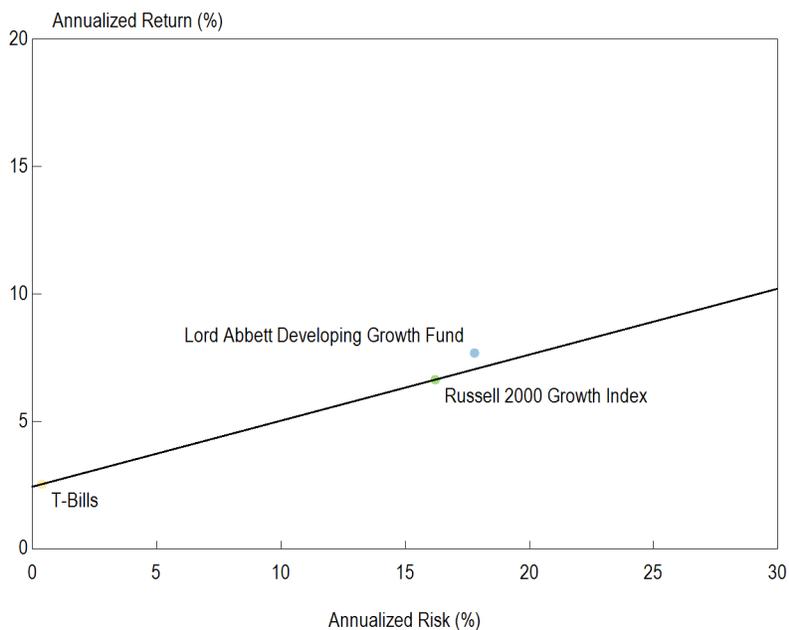
The Fund tends to feature sector diversification, albeit with substantial exposure to growth industries. The portfolio holds approximately 130 micro- and small-cap stocks.

Performance Commentary

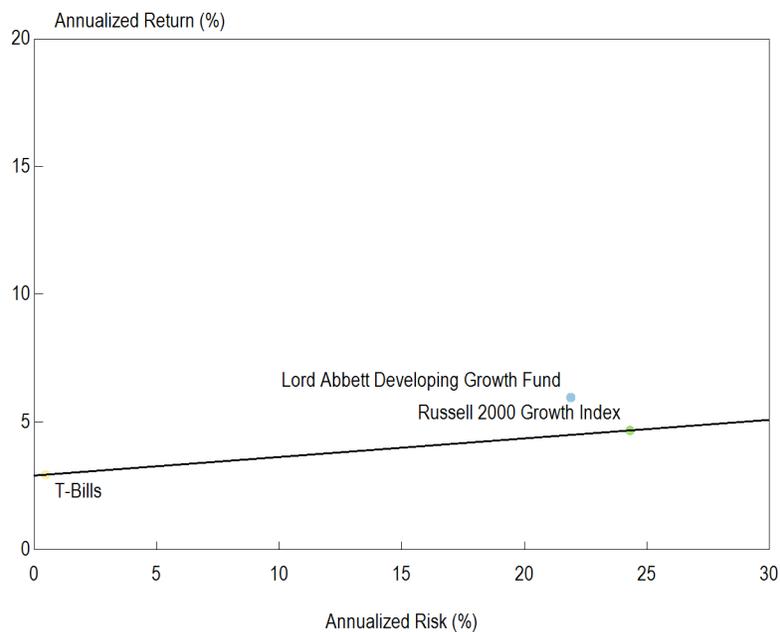
During the third quarter, Lord Abbett produced a loss of 11.8% and underperformed the Russell 2000 Growth Index. Weak stock selection within the health care sector detracted the most from performance. Specific top holdings that hampered results included NetLogic Microsystems (-8.9%) and Illumina Inc. (-6.9%). On the other hand, the portfolio's underweight allocation to the energy sector added value. Also contributing positively to performance was favorable stock selection within the transportation and consumer staples sectors.

Although the Fund has trailed its benchmark during the year-to-date and trailing one-year periods, it has outperformed during the trailing three- and five-year periods. Underperformance during the year-to-date and trailing one-year periods was attributed to weak first and third quarter returns.

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/08



LORD ABBETT DEVELOPING GROWTH

FUND CHARACTERISTICS AS OF 9/30/08

	Lord Abbett Developing Growth Fund	
Style Characteristics	Growth	
Capitalization Focus	Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.89	
Composition	U.S. Stocks	97.3%
	Non-U.S. Stocks	1.1
	Cash	1.6
Number of Issues	116	
Turnover	76%	
Inception Date	October 1973	
Total Fund Assets	\$1.3 billion	
Fees	1.19%	

HISTORICAL RETURNS

(BY YEAR)

	Lord Abbett Developing Growth Fund	Russell 2000 Growth Index	Return Difference
	Return	Return	
1998	8.3%	1.2%	7.1
1999	38.2	43.1	-4.9
2000	-17.7	-22.4	4.7
2001	-7.0	-9.2	2.2
2002	-29.5	-30.3	0.8
2003	40.1	48.5	-8.4
2004	6.0	14.3	-8.3
2005	11.9	4.1	7.8
2006	12.4	13.3	-0.9
2007	35.8	7.0	28.8
2008 (9 months)	-26.5	-15.3	-11.2
Trailing 1-Year	-23.5%	-17.1%	-6.4
Trailing 3-Year	4.8	1.5	3.3
Trailing 5-Year	7.7	6.6	1.1
Trailing 10-Year	6.0	4.7	1.3

*Relative to the Russell 2000 Growth Index

**RETURN SUMMARY
ENDING 9/30/08**

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Heartland Value Fund	-15.4%	-17.4%	-21.1%	0.1%	5.7%
Russell 2000 Value Index	5.0	-5.4	-12.3	2.0	9.4

Investment Approach

The Heartland Value Fund seeks long-term capital appreciation through investments in small or micro cap securities selected under disciplined, value-oriented criteria. Management seeks companies whose stock prices do not reflect what Heartland believes to be the companies' intrinsic or potential values. A company's stock may be undervalued because it is under-followed by Wall Street analysts, misunderstood by investors, temporarily oversold or out-of-favor as a result of investor overreaction to unexpected news or an emerging, undiscovered opportunity.

Heartland builds portfolios based on a bottom-up fundamental analysis of individual securities while avoiding over-concentration in a particular industry or industries. Heartland begins its search for investment ideas by performing a weekly computer screening of a universe of over 10,000 securities. The database is screened to find securities that have a market capitalization of \$750 million or less. The firm's analysts, using 10 value-based criteria referred to at Heartland as the "10 Point Grid", extensively research each security considered for purchase.

Performance Commentary

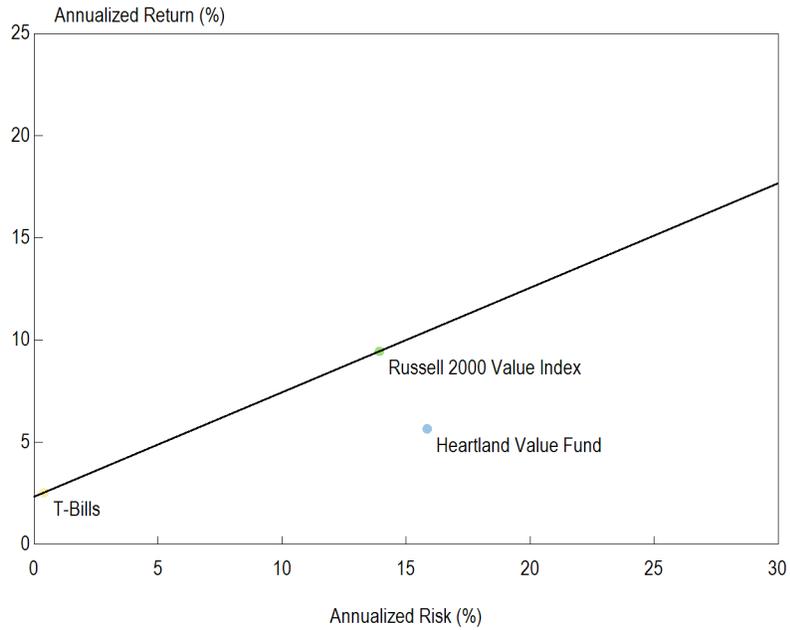
The Heartland Value Fund declined 15.4% during the quarter, trailing the Russell 2000 Value Index by 20.4 percentage points. The largest detractor was an overweight allocation to the energy sector, as prices of oil and other commodities plummeted during the quarter. The Fund's overweight allocation to the information technology sector also impeded results significantly. Although the Fund was underweight to the financial sector relative the Russell 2000 Value Index, exposure to financials negatively impacted the performance as this sector experienced a very challenging environment. On a positive note, favorable stock selection within the consumer discretionary sector aided performance.

The Fund's longer-term performance has been unfavorable, as the Fund has underperformed during all periods illustrated above. Underperformance over the longer-term periods is due to the Fund's significantly weak performance during the third quarter. However, over the past four quarters, the Fund outperformed its benchmark during all long-term periods.

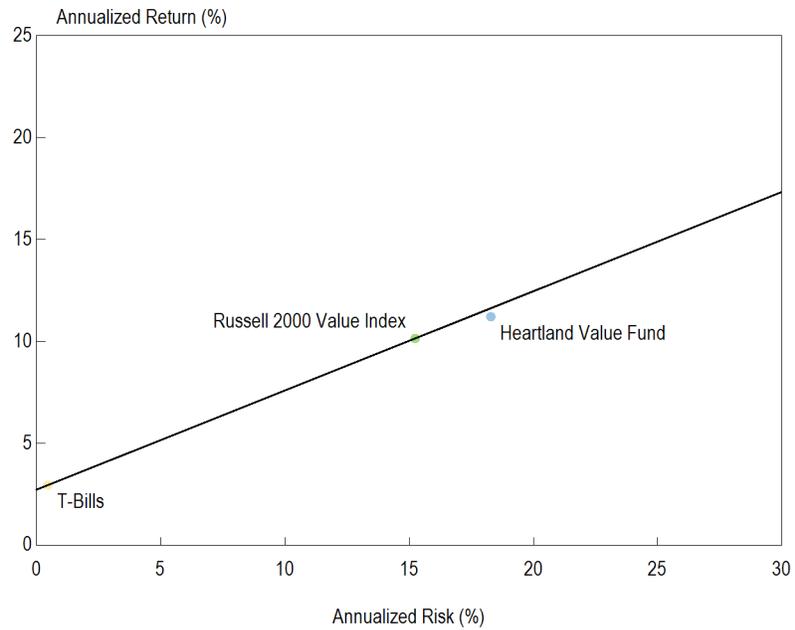
EnnisKnupp is planning a meeting with Heartland to further discuss the Fund's underperformance and outlook going forward.

HEARTLAND VALUE

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/08



FUND CHARACTERISTICS AS OF 9/30/08

	Heartland Value Fund	
Style Characteristics	Value	
Capitalization Focus	Micro to Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.98	
Composition		
	U.S. Stocks	83.1%
	Non-U.S. Stocks	10.3
	Cash	7.5
	Other	-0.9
Number of Issues	180	
Turnover	58%	
Inception Date	December 1984	
Total Fund Assets	\$1.3 billion	
Fees	1.14%	

HISTORICAL RETURNS

(BY YEAR)

	Heartland Value Fund	Russell 2000 Value Index	Return Difference
	Return	Return	
1998	-11.5 %	-6.4 %	-5.1
1999	25.0	-1.5	26.5
2000	2.0	22.8	-20.8
2001	29.5	14.0	15.5
2002	-11.5	-11.4	-0.1
2003	70.2	46.0	24.2
2004	9.1	22.3	-13.2
2005	2.0	4.7	-2.7
2006	28.0	23.5	4.5
2007	-5.5	-9.8	4.3
2008 (9 months)	-17.4	-5.4	-12.0
Trailing 1-Year	-21.1 %	-12.3 %	-8.8
Trailing 3-Year	0.1	2.0	-1.9
Trailing 5-Year	5.7	9.4	-3.7
Trailing 10-Year	11.2	10.1	1.1

*Relative to the Russell 2000 Value Index.

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RETURN SUMMARY
ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
EuroPacific Growth Fund	-18.0%	-26.2%	-25.2%	4.8%	12.3%
MSCI All Country World ex-U.S. Index	-21.9	-29.9	-30.3	2.6	11.3

Investment Approach

Capital Research and Management is the sub-advisor for the EuroPacific Growth Fund. Capital Research uses a multiple-counselor system in managing the portfolio's assets. The portfolio is divided into segments and the counselors manage their respective segments autonomously. The research analysts are responsible for making the investment decisions for one of the segments.

The Capital Research and Management Investment Committee is responsible for making sure the portfolio stays within its limits and adheres to its investment policies. The objective of the fund is to provide long-term growth of capital by investing in a diversified portfolio of international stocks while using a growth-at-a-reasonable price strategy.

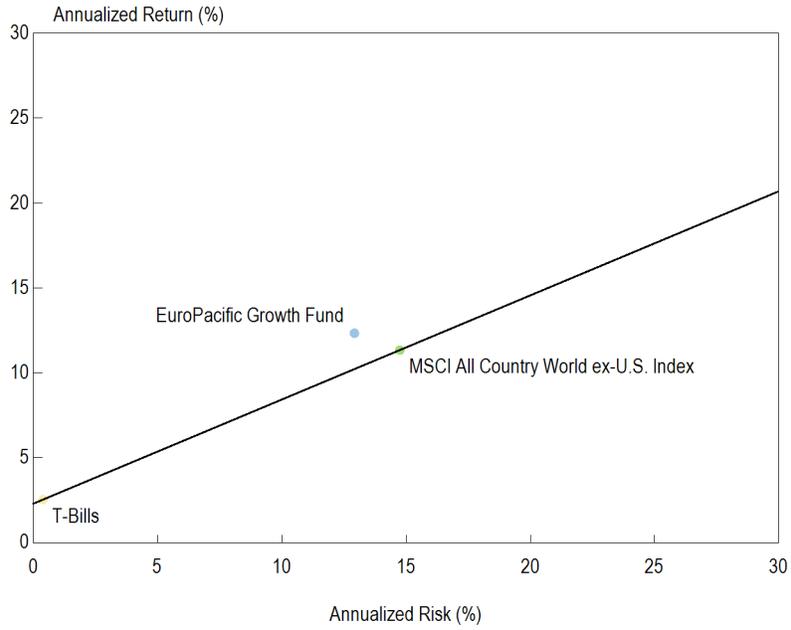
Performance Commentary

The EuroPacific Growth Fund declined 18.0% but outperformed the MSCI All Country World ex-U.S. Index by 3.9 percentage points. During the quarter, the Fund benefited from its high cash allocation (average 9%) in a declining equity environment. Strong stock selection and underweight allocation to the materials sector, specifically the metals and mining industry, contributed positively to relative performance as the sector underperformed the broad market given the decline in commodity prices. Positions within the telecommunication and information technology sectors also added value. From a country perspective, the Fund's underweight allocation to the U.K. and Australia, a result of bottom-up stock selection, had a positive currency impact as the U.S. dollar strengthened against the U.K. sterling and the Australian dollar during the quarter. Some of the outperformance was negated by the Fund's weak stock selection within the utilities and financial sectors as well as Russia.

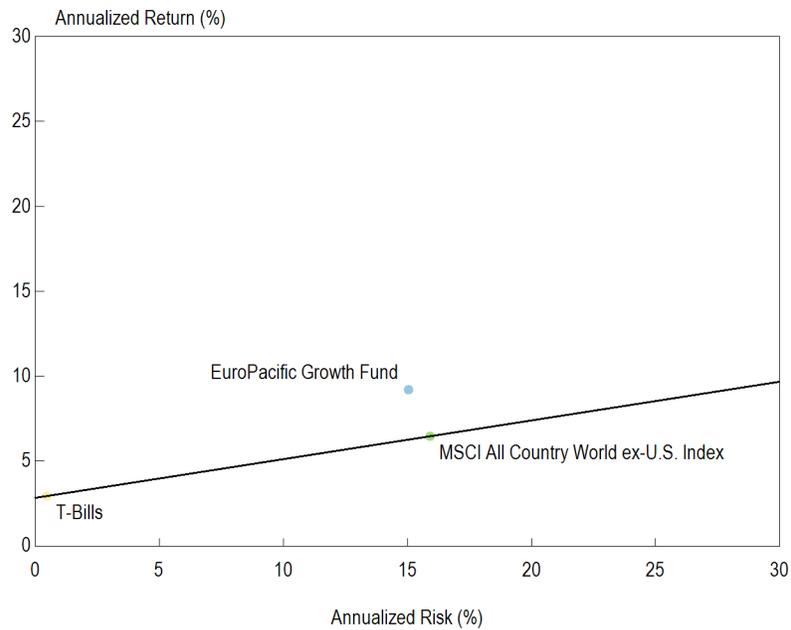
Over longer-term periods shown above, the Fund has outperformed the MSCI All Country World ex-U.S. Index. The Fund is focused on capital goods and telecommunications sectors as the manager believes these areas of the market would provide sustainable earnings growth over the longer term. In the near future, the manager noted that the global economic slowdown will put more pressure on the financial as well as the consumer sectors, specifically the retail industry.

EUROPACIFIC GROWTH

ANNUALIZED RISK RETURN 5 YEARS ENDING 9/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 9/30/08



EUROPACIFIC GROWTH

FUND CHARACTERISTICS AS OF 9/30/08

	EuroPacific Growth Fund	
Geographic Breakdown	Asia & Pacific Basin	19.8%
	Europe ex-U.K.	48.3
	United Kingdom	7.2
	Other (Including Canada & Latin America)	13.4
	Cash	11.3
Composition	Non-U.S. Stocks	88.5%
	U.S. Stocks	0.1
	Non-U.S. Bonds	0.1
	Cash	11.3
Number of Issues	300	
Turnover	38%	
Inception Date	April 1984	
Total Fund Assets	\$91.6 billion	
Fees	0.51%	

HISTORICAL RETURNS

(BY YEAR)

	EuroPacific Growth Fund	MSCI All Country World ex-U.S. Index	Return Difference
	Return	Return	
1998	15.5%	14.1%	1.4
1999	57.0	30.6	26.4
2000	-17.8	-15.3	-2.5
2001	-12.2	-19.7	7.5
2002	-13.4	-14.9	1.5
2003	33.2	40.8	-7.6
2004	20.0	20.9	-0.9
2005	21.4	16.6	4.8
2006	22.2	26.7	-4.5
2007	19.2	16.7	2.5
2008 (9 months)	-26.2	-29.9	3.7
Trailing 1-Year	-25.2%	-30.3%	5.1
Trailing 3-Year	4.8	2.6	2.2
Trailing 5-Year	12.3	11.3	1.0
Trailing 10-Year	9.2	6.5	2.7

EUROPACIFIC GROWTH

COUNTRY ALLOCATION/RETURNS 3 MONTHS ENDING 9/30/08

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.8 %	0.4 %	-41.2 %
Belgium	1.0	0.7	-31.8
Czech Republic*	0.0	0.2	-25.8
Denmark	1.7	0.7	-26.3
Finland	1.2	1.0	-27.3
France	11.1	8.1	-18.9
Germany	9.6	6.7	-20.6
Greece	1.0	0.5	-21.4
Hungary*	0.2	0.2	-19.1
Ireland	0.8	0.3	-42.2
Italy	1.7	2.8	-22.2
Netherlands	2.2	1.9	-21.1
Norway	0.8	0.6	-40.7
Poland*	0.2	0.3	-15.8
Portugal	0.2	0.2	-18.6
Russia*	2.7	1.5	-45.3
Spain	3.5	3.2	-17.2
Sweden	1.6	1.6	-22.8
Switzerland	7.7	5.8	-13.2
United Kingdom	7.2	16.0	-21.0
Asia/Pacific			
Australia	2.0 %	4.7 %	-26.6 %
China*	1.8	2.7	-25.2
Hong Kong	1.3	1.5	-22.9
India*	2.0	1.2	-13.9
Indonesia*	0.3	0.3	-26.3
Japan	7.5	16.4	-17.7
Korea*	2.8	2.4	-24.2
Malaysia*	0.2	0.5	-17.9
New Zealand	0.0	0.1	-16.8
Pakistan*	0.0	0.0	-36.2
Philippines*	0.3	0.1	3.1
Singapore	1.0	0.9	-22.2
Sri Lanka*	0.0	--	--
Taiwan, China*	2.6	1.9	-25.3
Thailand*	0.0	0.3	-22.6
Americas			
Argentina*	0.0 %	0.1 %	-44.0 %
Brazil*	2.9	2.8	-37.9
Canada	2.7	7.4	-21.8
Chile*	0.0	0.3	-10.4
Colombia*	0.0	0.1	-8.4
Mexico*	3.2	1.0	-18.7
Peru*	0.0	0.1	-34.3
United States	0.0	--	-9.1
Venezuela*	0.0	--	--
Other			
Egypt*	0.1 %	0.1 %	-27.5 %
Israel*	0.9	0.5	-15.4
Morocco*	0.0	0.1	-21.8
Jordan*	0.0	0.0	-13.2
Other Countries*	0.2	--	--
South Africa*	1.4	1.4	-16.5
Turkey*	0.0	0.3	-0.7
Cash			
Cash	11.3 %	--	--
Total	100.0 %	100.0 %	-21.9 %
Developed	66.8	81.5	
Emerging*	21.9	18.5	
Cash	11.3	--	

VANGUARD TOTAL INTERNATIONAL STOCK INDEX

RETURN SUMMARY ENDING 9/30/08

	Third Quarter	Year-To-Date	1 Year Ending 9/30/08	3 Years Ending 9/30/08	5 Years Ending 9/30/08
Vanguard Total International Stock Index Fund	-20.5%	-29.2%	-30.1%	2.6%	11.1%
MSCI All Country World ex-U.S. Index	-21.9	-29.9	-30.3	2.6	11.3

Investment Strategy

The Vanguard Total International Stock Index seeks long-term growth of capital by offering exposure to over 1500 companies in more than 30 countries. The Fund invests in three Vanguard Index Funds: Vanguard European Stock Index Fund, Vanguard Pacific Stock Index Fund and Vanguard Emerging Markets Stock Index Fund. Each of these index funds attempts to track the appropriate MSCI Index. The three funds are managed by the Vanguard Quantitative Equity Group. The major difference between the Fund and the Index is the Fund's lack of exposure to Canada.

Performance Commentary

The Vanguard Total International Stock Index generated a loss of 20.5%, but outperformed the MSCI All Country World ex-U.S. Index by 1.4 percentage points during the third quarter. The outperformance was attributed to the Fund's lack of exposure to Canada. As of 9/30/08, Canada made up 7.4% of the MSCI All Country World ex-U.S. Index and had weak performance during the third quarter. It should be noted that the Fund invests in three underlying Vanguard Index Funds, and therefore does not aim to explicitly track the MSCI All Country World ex-U.S. Index.

VANGUARD TOTAL INTERNATIONAL STOCK INDEX

FUND CHARACTERISTICS AS OF 9/30/08

	Vanguard Total International Stock Index Fund	
Country Allocations	Japan	17.8%
	Pacific ex-Japan	17.8
	United Kingdom	17.0
	Europe ex-U.K.	39.9
	Latin America	4.5
	U.S. & Canada	0.0
	Other	3.0
Composition	Non-U.S. Stocks	100.0%
	Cash	0.0
Number of Issues	3 mutual funds	
Turnover	N/A	
Inception Date	April 1996	
Total Fund Assets	\$22.0 billion	
Fees	0.27%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Total International Stock Index Fund	MSCI All Country World ex-U.S. Index	Return Difference
	Return	Return	
1998	15.6%	14.1%	1.5
1999	29.9	30.6	-0.7
2000	-15.6	-15.3	-0.3
2001	-20.2	-19.7	-0.5
2002	-15.1	-14.9	-0.2
2003	40.3	40.8	-0.5
2004	20.8	20.9	-0.1
2005	15.6	16.6	-1.0
2006	26.6	26.7	-0.1
2007	15.5	16.7	-1.2
2008 (9 months)	-29.2	-29.9	0.7
Trailing 1-Year	-30.1%	-30.3%	0.2
Trailing 3-Year	2.6	2.6	0.0
Trailing 5-Year	11.1	11.3	-0.2
Trailing 10-Year	6.2	6.5	-0.3

VANGUARD TOTAL INTERNATIONAL STOCK INDEX

COUNTRY ALLOCATION/RETURNS

3 MONTHS ENDING 9/30/08

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.4 %	0.4 %	-41.2 %
Belgium	0.7	0.7	-31.8
Czech Republic*	0.2	0.2	-25.8
Denmark	0.8	0.7	-26.3
Finland	1.1	1.0	-27.3
France	8.3	8.1	-18.9
Germany	7.3	6.7	-20.6
Greece	0.5	0.5	-21.4
Hungary*	0.2	0.2	-19.1
Ireland	0.4	0.3	-42.2
Italy	3.0	2.8	-22.2
Netherlands	2.4	1.9	-21.1
Norway	0.7	0.6	-40.7
Poland*	0.4	0.3	-15.8
Portugal	0.2	0.2	-18.6
Russia*	1.6	1.5	-45.3
Spain	3.4	3.2	-17.2
Sweden	1.7	1.6	-22.8
Switzerland	6.3	5.8	-13.2
United Kingdom	17.0	16.0	-21.0
Asia/Pacific			
Australia	5.1 %	4.7 %	-26.6 %
China*	1.7	2.7	-25.2
Hong Kong	2.8	1.5	-22.9
India*	1.4	1.2	-13.9
Indonesia*	0.3	0.3	-26.3
Japan	17.8	16.4	-17.7
Korea*	2.6	2.4	-24.2
Malaysia*	0.5	0.5	-17.9
New Zealand	0.1	0.1	-16.8
Pakistan*	0.0	0.0	-36.2
Philippines*	0.1	0.1	3.1
Singapore	0.9	0.9	-22.2
Sri Lanka*	0.0	--	--
Taiwan, China*	2.1	1.9	-25.3
Thailand*	0.3	0.3	-22.6
Americas			
Argentina*	0.0 %	0.1 %	-44.0 %
Brazil*	3.0	2.8	-37.9
Canada	0.0	7.4	-21.8
Chile*	0.3	0.3	-10.4
Colombia*	0.0	0.1	-8.4
Mexico*	1.1	1.0	-18.7
Peru*	0.1	0.1	-34.3
United States	0.0	--	-9.1
Venezuela*	0.0	--	--
Other			
Egypt*	0.1 %	0.1 %	-27.5 %
Israel*	0.6	0.5	-15.4
Morocco*	0.0	0.1	-21.8
Jordan*	0.0	0.0	-13.2
Other Countries*	0.5	--	--
South Africa*	1.5	1.4	-16.5
Turkey*	0.4	0.3	-0.7
Cash			
Cash	0.0 %	--	--
Total	100.0 %	100.0 %	-21.9 %
Developed	80.9	81.5	
Emerging*	19.0	18.5	
Cash	0.0	--	

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RETURNS OF THE MAJOR CAPITAL MARKETS

	Third Quarter	Annualized Periods Ending 9/30/08				
		1-Year	3-Year	5-Year	10-Year	15-Year
Domestic Stock Indices:						
DJ Wilshire 5000 Index	-8.7%	-21.3%	0.6%	6.0%	4.0%	8.3%
S&P 500 Index	-8.4	-22.0	0.2	5.2	3.1	8.4
Russell 3000 Index	-8.7	-21.5	0.3	5.7	3.8	8.3
Russell 1000 Value Index	-6.1	-23.6	0.1	7.1	5.5	9.3
Russell 1000 Growth Index	-12.3	-20.9	0.0	3.7	0.6	6.9
Russell MidCap Value Index	-7.5	-20.5	0.5	10.0	9.2	10.9
Russell MidCap Growth Index	-17.7	-24.7	-0.8	6.5	5.5	7.8
Russell 2000 Value Index	5.0	-12.3	2.0	9.4	10.1	10.7
Russell 2000 Growth Index	-7.0	-17.1	1.5	6.6	4.7	5.2
Domestic Bond Indices:						
Lehman Brothers Aggregate Index	-0.5%	3.7%	4.2%	3.8%	5.2%	5.9%
Lehman Brothers Govt/Credit Index	-1.6	2.4	3.6	3.3	5.0	5.7
Lehman Brothers Long Govt/Credit Index	-3.4	-0.4	2.0	3.7	5.3	6.5
Lehman Brothers 1-3 Year Govt/Credit Index	0.2	4.4	4.7	3.3	4.6	5.1
Lehman Brothers U.S. MBS Index	1.9	7.0	5.5	4.8	5.7	6.2
Lehman Brothers High Yield Index	-8.9	-11.2	1.0	4.4	4.4	5.9
Lehman Brothers Universal Index	-1.2	2.3	3.9	3.9	5.4	5.9
Real Estate Indices:						
NCREIF Property Index	-0.2%	5.3%	13.2%	14.2%	11.8%	11.2%
NCREIF ODCE Index	-0.9	2.3	11.7	12.8	10.7	10.3
DJ Wilshire Real Estate Securities Index	4.5	-12.9	5.1	13.6	12.9	11.2
FTSE NAREIT US Real Estate Index	5.6	-11.1	5.6	13.5	12.5	11.2
Foreign/Global Stock Indices:						
MSCI All Country World Index	-16.6%	-26.9%	1.3%	8.0%	4.3%	6.4%
MSCI All Country World IMI	-16.6	-26.9	1.2	8.3	5.0	--
MSCI All Country World ex-U.S. Index	-21.9	-30.3	2.6	11.3	6.5	5.7
MSCI All Country World ex-U.S. IMI	-22.3	-30.9	2.4	11.3	6.7	--
MSCI All Country World ex-U.S. Small Cap Index	-25.3	-37.3	-0.6	10.9	8.6	--
MSCI EAFE Index	-20.6	-30.5	1.1	9.7	5.0	5.1
MSCI EAFE IMI	-20.9	-30.9	0.8	9.7	5.3	--
MSCI EAFE Index (in local currency)	-13.0	-28.8	-1.8	7.0	3.2	4.3
MSCI Emerging Markets IMI	-27.0	-34.2	8.1	18.4	12.8	--
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	-4.2%	5.2%	5.5%	5.6%	5.2%	5.9%
Citigroup Hedged World Gov't Bond Index	2.7	4.4	3.7	4.2	4.9	6.6
Cash Equivalents:						
Treasury Bills (30-Day)	0.3%	1.8%	3.2%	2.5%	2.9%	3.5%
EnnisKnupp STIF Index	0.6	3.6	4.6	3.5	3.8	4.3
Inflation Index:						
Consumer Price Index	0.0%	4.9%	3.2%	3.4%	2.9%	2.8%

APPENDIX II

Benchmark Descriptions

iMoney Net Money Fund Average - An index made up of the entire universe of taxable money market mutual funds. The index currently represents 1,228 funds, or approximately 99 percent of all money fund assets.

Custom Benchmark (Personal Strategy Balanced) - A mix of 51% DJ Wilshire 5000 Index, 30% Lehman Brothers Aggregate Bond Index, 10% 90-Day Treasury Bills, and 9% MSCI EAFE Index.

Custom Benchmark (Personal Strategy Growth) - A mix of 65% DJ Wilshire 5000 Index, 20% Lehman Brothers Aggregate Bond Index and 12% MSCI EAFE Index.

Custom Benchmark (Personal Strategy Income) - A mix of 34% DJ Wilshire 5000 Index, 40% Lehman Brothers Aggregate Bond Index, 20% 90-Day Treasury Bills, and 6% MSCI EAFE Index.

Performance Benchmark (Vanguard Total Stock Market Index) - DJ Wilshire 5000 Index until 4/30/2005, the MSCI U.S. Broad Market Index going forward.

Performance Benchmark (Vanguard Small Cap Index) - Russell 2000 Index until 6/30/2003, the MSCI U.S. 1750 Small Cap Index going forward.

EnnisKnupp GIC Index - This benchmark index is an average of the 2-, 3-, 4- and 5-year GICs as surveyed by T.Rowe Price.

Lehman Brothers Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$150 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

Lehman Brothers Corporate Bond Index - A market value-weighted index consisting of government bonds and SEC-registered corporate bonds with at least one year to maturity and an outstanding par value of \$150 million or greater.

MSCI All Country World ex-U.S. Free Index - A capitalization-weighted index of stocks representing 48 developed and emerging country stock markets, excluding the U.S. market.

MSCI U.S. 1750 Small Cap Index - An index representing the universe of small capitalization companies in the U.S. equity market. This index targets for inclusion 1,750 companies and represents approximately 12% of the capitalization of the U.S. equity market.

Performance Benchmark (J.P. Morgan Capital Growth) - Currently the Russell Mid Cap Growth Index. Prior to January 1, 2002, the benchmark was the S&P 400 Midcap Index effective June 30, 1999, and the Russell 2500 Index prior to that.

60/40 Benchmark - A mix of 60% DJ Wilshire 5000 Stock Index and 40% Lehman Brothers Aggregate Bond Index.

Benchmark Descriptions

S&P Midcap 400 Stock Index - A capitalization-weighted index representing stocks chosen by Standard & Poor's, Inc. for their size, liquidity, stability and industry group representation. None of the stocks included overlap with those in the S&P 500 or the S&P SmallCap 600. Some stocks included in the Index are larger than those in the S&P 500 and some are smaller than those in the S&P Small Cap 600.

S&P 500 Stock Index - A capitalization-weighted index representing stocks chosen by Standard & Poor's, Inc. for their size, liquidity, stability and industry group representation. The companies in the S&P 500 Index are generally among the largest in their industries. Currently the Index comprises industrial, utility, financial and transportation stocks.

Russell 1000 Index - A capitalization-weighted index of the 1,000 largest publicly traded U.S. stocks by capitalization.

Russell 1000 Value Index - An Index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

Russell 1000 Growth Index - An Index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher I/B/E/S growth forecasts.

Russell Mid Cap Stock Index - A capitalization-weighted index consisting of the smallest 800 companies in the Russell 1000 Index. The Russell 1000 Index represents the 1,000 largest publicly traded stocks by capitalization.

Russell 2500 Index - A capitalization-weighted, small-cap stock index representing the performance of 2,500 domestic stocks. This Index represents approximately 22% of the domestic market. Its median market capitalization is approximately \$786 million.

Russell 2000 Stock Index - A capitalization-weighted index of the smallest 2,000 stocks in the Russell 3000 Index. The Index excludes the largest- and smallest-capitalization issues in the domestic stock market.

Russell 2000 Value Stock Index - A capitalization-weighted index representing those companies within the Russell 2000 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.

Russell 2000 Growth Stock Index - A capitalization-weighted index representing those companies within the Russell 2000 Index with higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.

DJ Wilshire 5000 Stock Index - A capitalization-weighted stock index representing all domestic common stocks traded regularly on the organized exchanges. The Index is the broadest measure of the aggregate domestic stock market.

APPENDIX II

Rank Descriptions

U.S. Equity Ranks* - A broad Morningstar universe of 2,387 U.S. stock mutual funds.

Fixed Income Ranks* - A broad Morningstar universe of 703 fixed income mutual funds.

Non-U.S. Equity Ranks* - A non-U.S. equity universe calculated by Mellon Analytical Solutions. The universe includes 78 non-U.S. stock managers with an aggregate market value of \$306.8 billion.

*Data as of 6/30/08.

PERFORMANCE REPORT

Independent
advice for the
institutional
investor

**Milwaukee County
Deferred
Compensation Plan**

Second Quarter 2008

CONTENTS

- 1 Investment Highlights**
- 2 Market Environment**
- 3 Fixed Income Funds**
- 4 Balanced Funds**
- 5 U.S. Stock Funds**
- 6 Non-U.S. Stock Funds**
- 7 Appendices**

All rates of return presented in this report for time periods greater than one year are annualized. Mutual fund rates of return are provided by Morningstar. Rates of return for the North Shore Savings Fund and the Stable Value Fund are provided by the investment manager. All rates of return contained in this report are net of investment management fees. Percentages in some exhibits may not add to 100% because of rounding.

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INVESTMENT HIGHLIGHTS

RETURN SUMMARY ENDING 6/30/08

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
North Shore Savings Fund	0.4 %	1.0 %	2.7 %	3.3 %	2.6 %
iMoney Net Money Fund Average	0.5	1.3	3.6	3.6	2.5
Stable Value Fund	1.2	2.4	4.9	4.8	4.5
EnnisKnupp GIC Index	1.2	2.3	4.7	4.3	4.1
PIMCO Total Return Fund Instl	-1.3	2.0	10.8	4.8	4.5
LB Aggregate Bond Index	-1.0	1.1	7.1	4.1	3.9

RETURN SUMMARY ENDING 6/30/08

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
TRP PS Income	-0.5 %	-4.1 %	-2.3 %	5.6 %	7.3 %
Custom Benchmark	-0.9	-3.7	-1.6	4.9	6.1
TRP PS Balanced	-0.7	-6.8	-6.0	6.0	8.7
Custom Benchmark	-1.2	-6.1	-5.1	5.5	7.5
TRP PS Growth	-0.8	-9.3	-9.8	6.3	9.9
Custom Benchmark	-1.5	-8.5	-8.5	5.9	8.8

Benchmark descriptions can be found in the Appendix.

INVESTMENT HIGHLIGHTS

RETURN SUMMARY ENDING 6/30/08

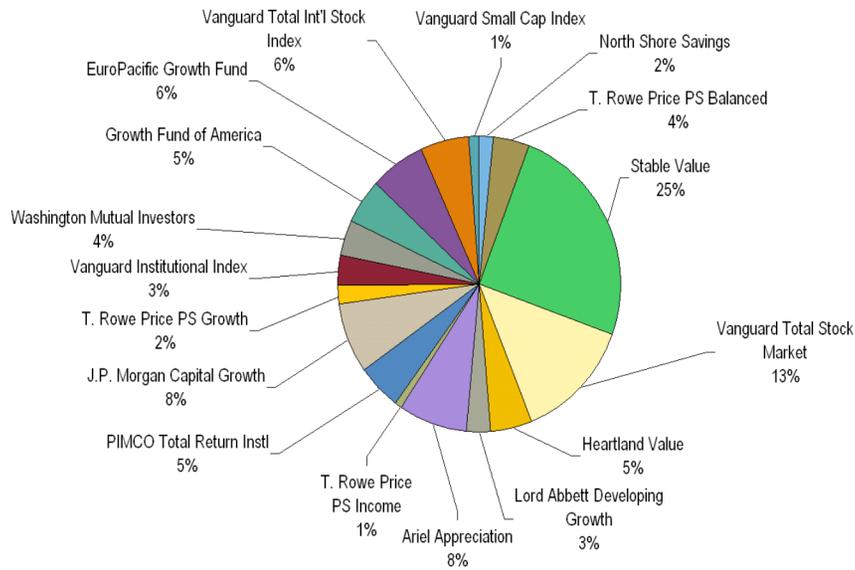
	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
Washington Mutual Investors Fund	-4.6 %	-12.2 %	-15.3 %	3.7 %	7.0 %
Russell 1000 Value Index	-5.3	-13.6	-18.8	3.5	8.9
Vanguard Institutional Index Fund	-2.7	-11.9	-13.1	4.4	7.6
S&P 500 Index	-2.7	-11.9	-13.1	4.4	7.6
Growth Fund of America	1.3	-6.6	-5.0	9.1	11.6
Russell 1000 Growth Index	1.2	-9.1	-6.0	5.9	7.3
Vanguard Total Stock Market Index Fund	-1.5	-10.8	-12.5	5.0	8.7
Performance Benchmark	-1.5	-10.9	-12.5	5.0	8.7
J.P. Morgan Capital Growth Fund	7.7	-7.5	-3.0	8.8	12.8
Performance Benchmark	4.6	-6.8	-6.4	8.2	12.3
Ariel Appreciation Fund	-3.0	-12.0	-21.1	-0.3	5.3
Russell 2500 Index	1.4	-8.1	-14.3	4.9	11.5
Vanguard Small Cap Index Fund	1.0	-8.2	-14.9	4.7	11.6
Small-Cap Index	1.1	-8.3	-15.0	4.6	11.6
Lord Abbett Developing Growth Fund	6.6	-16.6	-4.7	12.7	12.5
Russell 2000 Growth Index	4.5	-8.9	-10.8	6.1	10.4
Heartland Value Fund	8.1	-2.4	-13.1	8.5	11.9
Russell 2000 Value Index	-3.5	-9.8	-21.6	1.4	10.0

RETURN SUMMARY ENDING 6/30/08

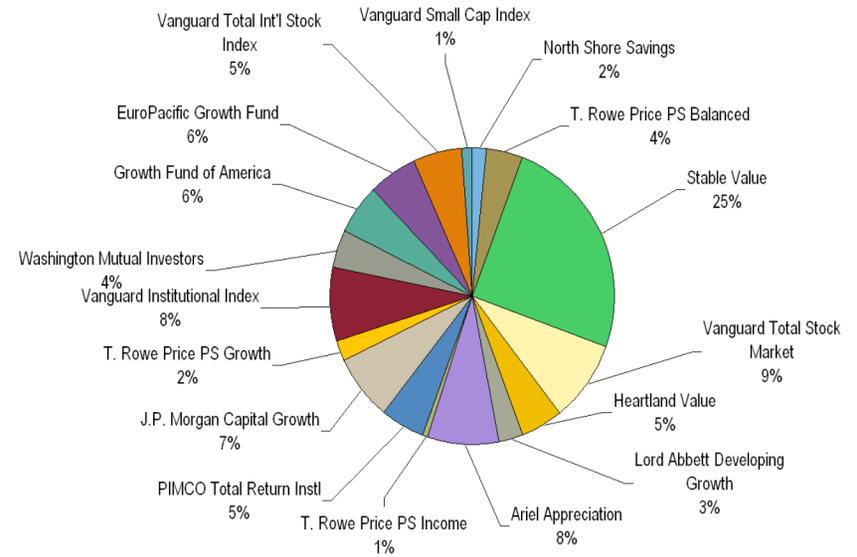
	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
EuroPacific Growth Fund	-2.3 %	-10.0 %	-3.9 %	16.4 %	19.0 %
MSCI All Country World ex-U.S. Index	-1.1	-10.2	-6.6	15.7	18.9
Vanguard Total International Stock Index Fund	-2.2	-10.9	-8.1	14.9	18.3
MSCI All Country World ex-U.S. Index	-1.1	-10.2	-6.6	15.7	18.9

Benchmark descriptions can be found in the Appendix.

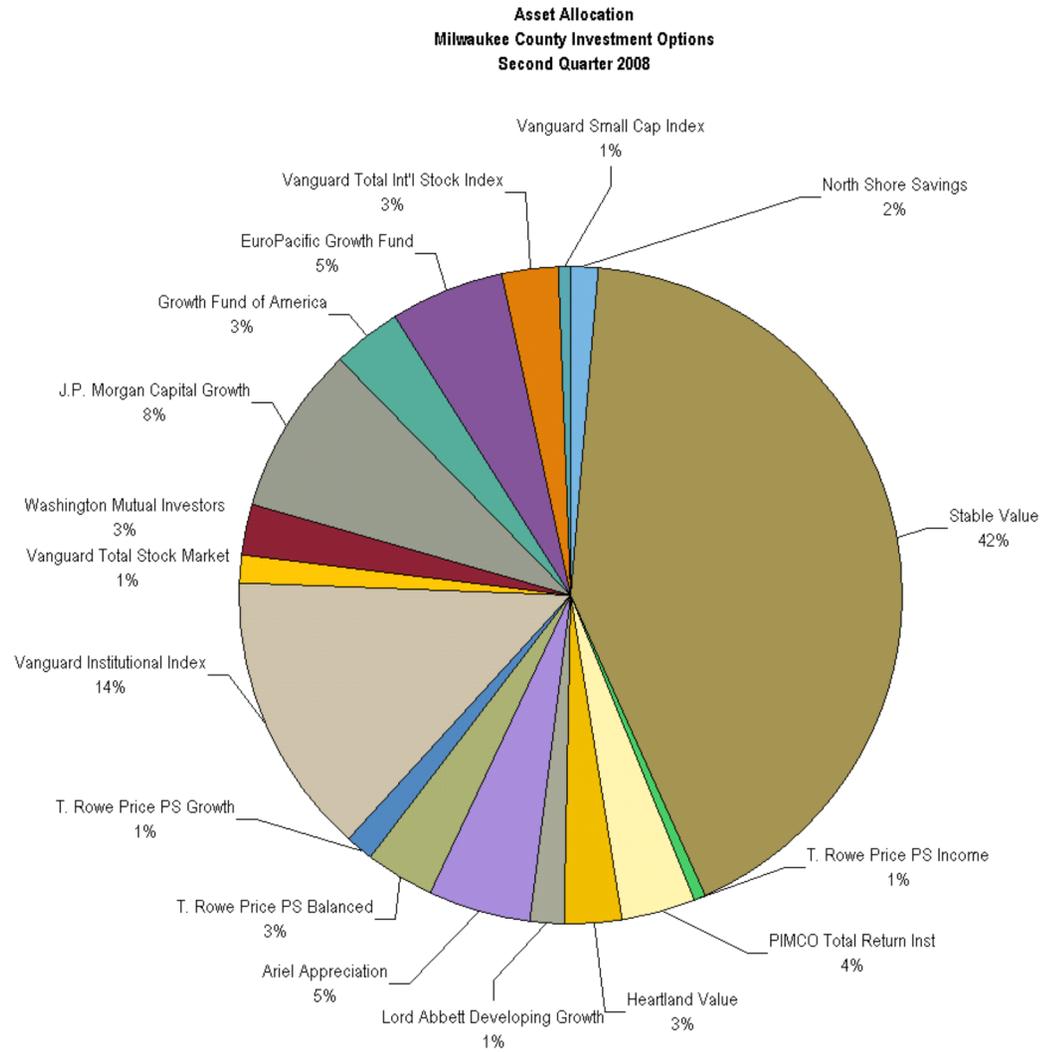
**Contributions by Investment Option
Second Quarter 2008**



**Contributions by Investment Option
YTD 2008**

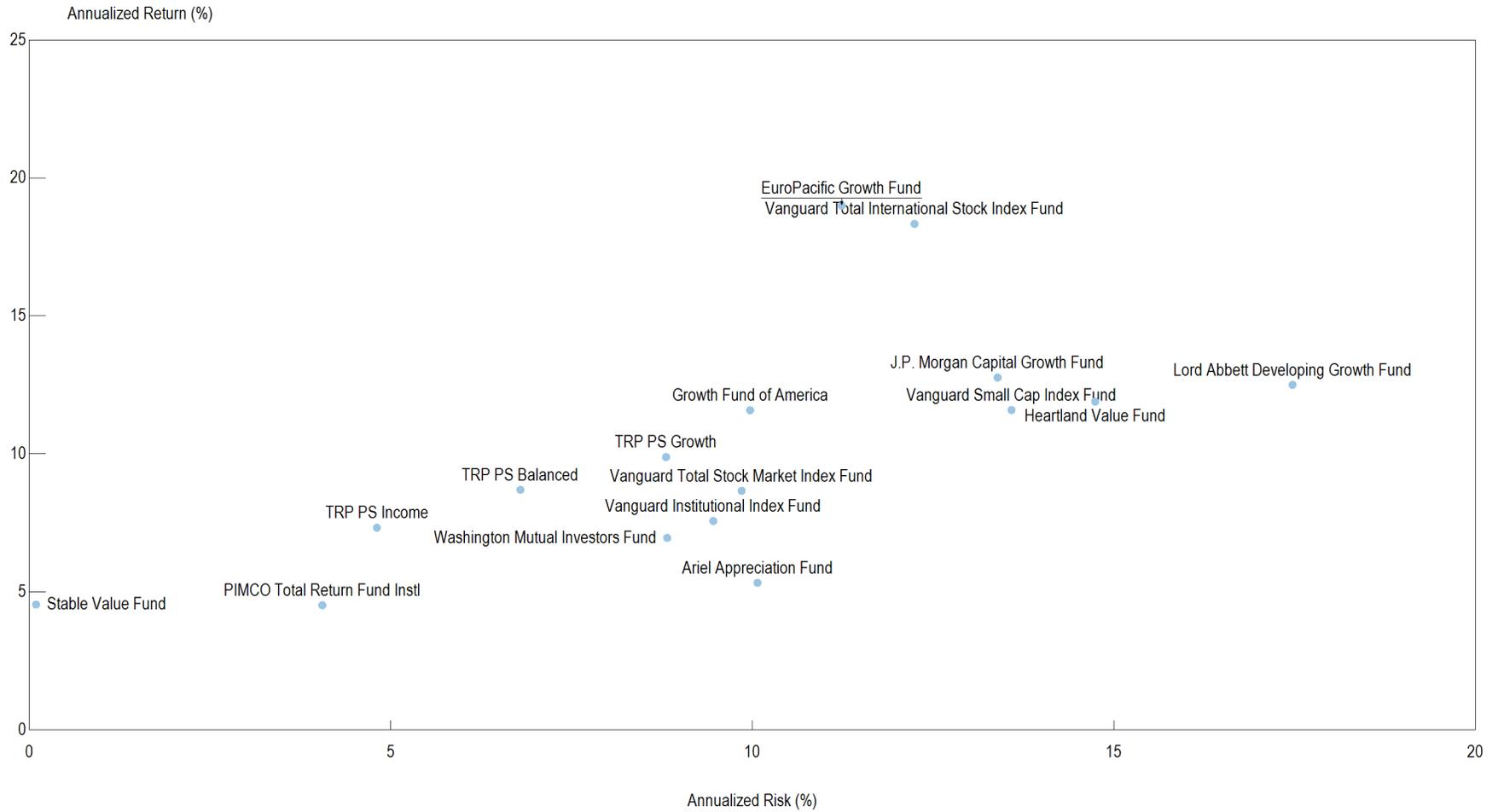


INVESTMENT HIGHLIGHTS



Ennis Knupp + Associates

**ANNUALIZED RISK RETURN
5 YEARS ENDING 6/30/08**



INVESTMENT HIGHLIGHTS

Change in Market Value

Investment Fund	March 31, 2008	Net Contributions/ Withdrawals	Net Income/ Appreciation*	June 30, 2008
North Shore Savings	3,230,190	29,119	15,316	3,274,624
Stable Value	88,655,415	508,449	1,041,565	90,205,429
T. Rowe Price PS Income	1,304,028	37,326	(8,661)	1,332,692
PIMCO Total Return Inst	7,704,946	214,249	(106,733)	7,812,462
Heartland Value	5,720,134	(121,165)	459,962	6,058,931
Lord Abnett Developing Growth	2,952,900	350,608	187,047	3,490,554
Ariel Appreciation	11,745,487	(299,445)	(340,202)	11,105,839
T. Rowe Price PS Balanced	7,088,037	(127,914)	(42,142)	6,917,982
T. Rowe Price PS Growth	3,022,507	(97,005)	(16,243)	2,909,259
Vanguard Institutional Index	30,026,824	(1,017)	(75,907)	29,949,899
Vanguard Total Stock Market	4,934,200	(1,011,048)	(754,597)	3,168,554
Washington Mutual Investors	5,943,281	(102,184)	(261,599)	5,579,497
J.P. Morgan Capital Growth	16,684,014	171,145	1,282,966	18,138,125
Growth Fund of America	5,943,167	825,075	42,584	6,810,827
EuroPacific Growth Fund	12,387,820	(195,794)	(263,813)	11,928,214
Vanguard Total Intl Stock Index	5,837,804	425,603	(164,211)	6,099,197
Vanguard Small Cap Index	1,288,087	44,182	9,906	1,342,175
Total	214,468,840	650,184	1,005,236	216,124,260

Fees

Fund Name	Plan Balance (\$ thousands)	Expense Ratio	Revenue Sharing Fees	\$ Fee on Expense Ratio	Dollar Revenue Sharing
North Shore Savings	\$ 3,275	0.00%	0.00%	\$ -	\$ -
Stable Value	90,205	0.40%	0.00%	360,822	-
PIMCO Total Return Inst	7,812	0.43%	0.25%	33,594	19,531
TRP PS Income	1,333	0.74%	0.15%	9,862	1,999
TRP PS Balanced	6,918	0.79%	0.15%	54,652	10,377
TRP PS Growth	2,909	0.85%	0.15%	24,729	4,364
Washington Mutual	5,579	0.60%	0.33%	33,477	18,412
Heartland	6,059	1.12%	0.35%	67,860	21,206
Lord Abnett	3,491	1.19%	0.40%	41,538	13,962
Vanguard Total Intl Stock	6,099	0.27%	0.00%	16,468	-
Vanguard Institutional	29,950	0.05%	0.00%	14,975	-
Vanguard Total Stock Market	3,169	0.06%	0.00%	1,901	-
JP Morgan Capital Growth	18,138	1.14%	0.50%	206,775	90,691
Ariel Appreciation	11,106	1.12%	0.45%	124,385	49,976
Growth Fund of America (R5)	6,811	0.35%	0.05%	23,838	3,405
Vanguard Small Cap Index	1,342	0.13%	0.00%	1,745	-
EuroPacific Growth Fund (R5)	11,928	0.53%	0.05%	63,220	5,964
Total	\$ 216,124	0.50%		\$ 1,079,839	\$ 239,888
Total as a Percent				0.50%	0.11%

Investment Management Fee Net of Revenue Sharing	(\$ Fee on Expense Ratio - Dollar Revenue Sharing)	\$ 839,950
<i>Net Investment Management Fee as a Percent of Plan Assets</i>		0.39%

Great West Revenue Sharing Cap**	\$ 125,000 *
<i>Capped Revenue Sharing as a Percent of Plan Assets</i>	0.06%
Revenue Sharing Returned to the County	\$ 114,888
<i>Returned Revenue Sharing as a Percent of Plan Assets</i>	0.05%

*Effective April 2007, the committee approved a fee holiday on the \$20 flat fee and the asset based fee of 0.24% charged to participants. All information in the above table is as reported by Great West.

** Exclusive of 20 bps revenue Great West receives for the Stable Value Fund.

MARKET ENVIRONMENT
Second Quarter 2008

MARKET ENVIRONMENT

OVERVIEW

MAJOR MARKET RETURNS

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08	10 Years Ending 6/30/08
Dow Jones Wilshire 5000 Index	-1.6 %	-10.9 %	-12.5 %	5.0 %	8.7 %	3.6 %
MSCI All Country World ex-U.S. Index	-1.1	-10.2	-6.6	15.7	18.9	7.3
MSCI EAFE Index	-2.3	-11.0	-10.6	12.8	16.7	5.8
MSCI Emerging Markets Index	-0.9	-11.8	4.6	27.1	29.7	15.2
MSCI All Country World Index	-1.6	-10.7	-9.3	10.3	13.1	4.9
Lehman Brothers Aggregate Bond Index	-1.0	1.1	7.1	4.1	3.9	5.7

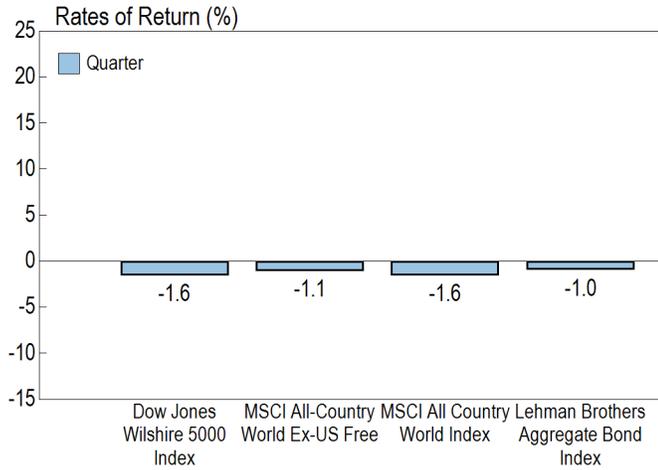
The U.S. broad equity market sought direction in the second quarter of 2008 amid rising oil prices, declining home values, rising unemployment, and inflationary pressures. Continued economic woes ensued as corporate profitability and the availability of credit weighed on the market. Related concerns about a contraction in consumer spending affected the market despite government stimulus rebate checks arriving at taxpayers' doorsteps. Oil and commodity prices skyrocketed, causing consumers to pull back the reins on spending. Investors saw a brief turn in the market during April and May, as the U.S. broad market made up for losses incurred during the first quarter. The relief rally was cut short in June, as evidenced by the DJ Wilshire 5000 Index's decline of 8.1% during the month.

Despite recessionary fears, real GDP grew at an annual rate of approximately 1.0% during the first quarter of the year. Contrary to widespread concerns, consumption and business investment offset weakness in residential construction. The weak dollar allowed exports to contribute positively to output. At the June 25th Federal Reserve (Fed) meeting, monetary policymakers held the target federal funds rate at 2.00 percent. The Fed also noted that although inflation and inflation expectations have increased, inflation should remain moderate throughout the rest of this year and next, signaling that there was little likelihood of a change in the Federal Funds rate in the near future. However, as of July, Fed Funds futures imply rate hikes toward the end of 2008 and into 2009.

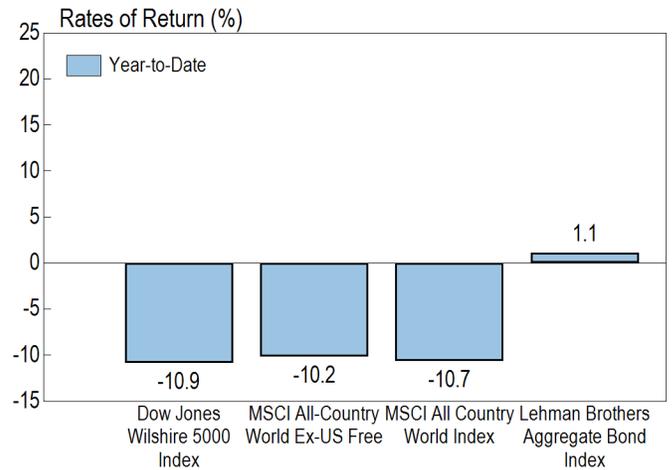
International stock markets experienced similar volatility during the second quarter. The MSCI All Country World ex-U.S. Index declined 1.1% during the second quarter, outperforming the U.S. market by 50 basis points. Year-to-date the index posted a loss of 10.2 percent. The greatest detractors from performance were the Europe ex-UK and Asian regions, reporting losses of 5.6% and 9.1%, respectively. Emerging markets suffered losses during the quarter as well, due to rising inflation, tighter monetary policy and concern over global growth. Increased demand for energy, grains, metals, and other commodities by developing countries, such as China and India, outpaced supply, resulting in an increase in global inflation.

The domestic fixed income market, as measured by the Lehman Brothers Aggregate Bond Index, faltered for the first time in three quarters to post a loss of 1.0 percent. The painful process of de-leveraging continued to affect the credit market while financial institutions simultaneously reduced their holdings of mortgages and other structured products. The financial sector plunged again in response to financial institutions taking massive writedowns and becoming increasingly capital constrained. The Treasury yield curve flattened modestly after the Fed-sponsored JP Morgan bail out of Bear Stearns. Treasuries were the worst performing sector as the flight to quality subsided. The best performing sector of the U.S. Bond Market was non-investment grade credit, or high yield, which performed poorly during the first quarter of 2008.

**MAJOR MARKET RETURNS
SECOND QUARTER**

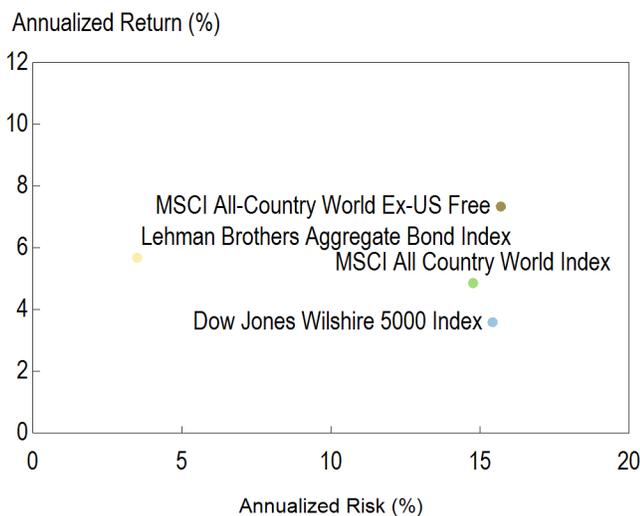


**MAJOR MARKET RETURNS
YEAR-TO-DATE ENDING 6/30/08**

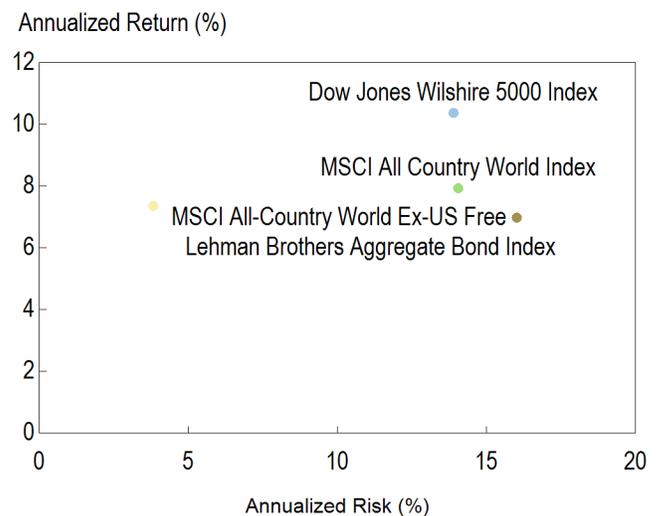


The exhibits above show the performance of the major capital markets during the second quarter and year-to-date period.

**MARKET RISK/RETURN
10 YEARS ENDING 6/30/08**



**MARKET RISK/RETURN
20 YEARS ENDING 6/30/08**

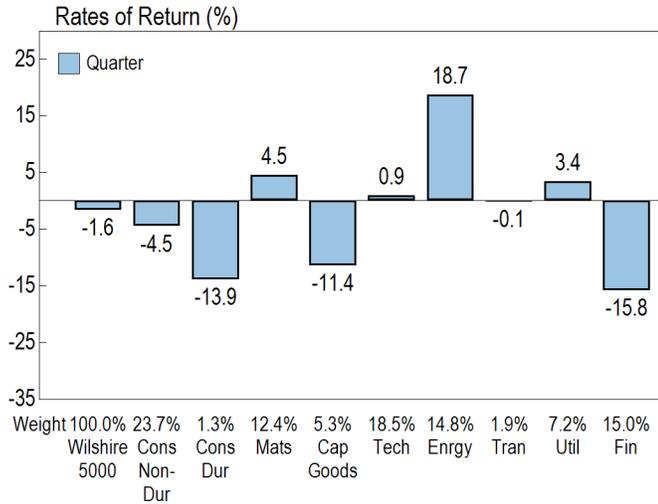


The exhibits above show the historical performance of the major capital markets and the amount of risk (volatility of returns) incurred. Points near the top of the chart represent a greater return and points near the right of the chart indicate greater volatility.

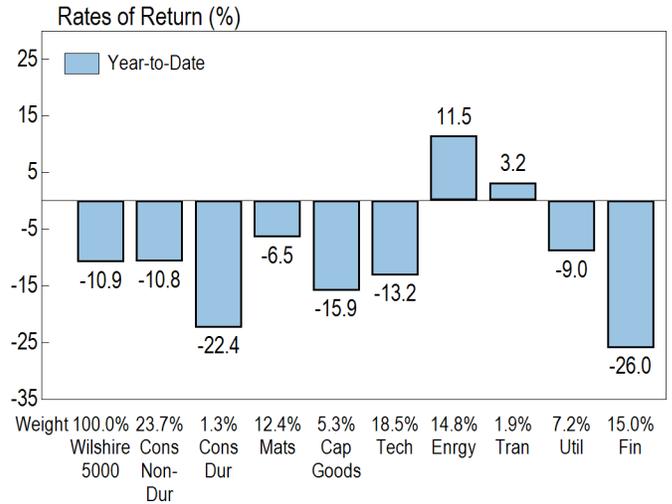
MARKET ENVIRONMENT

U.S. STOCK MARKET

SECTOR RETURNS SECOND QUARTER



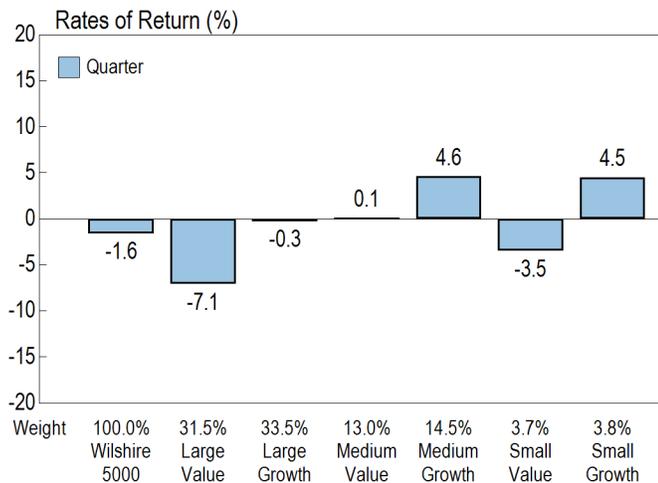
SECTOR RETURNS YEAR-TO-DATE ENDING 6/30/08



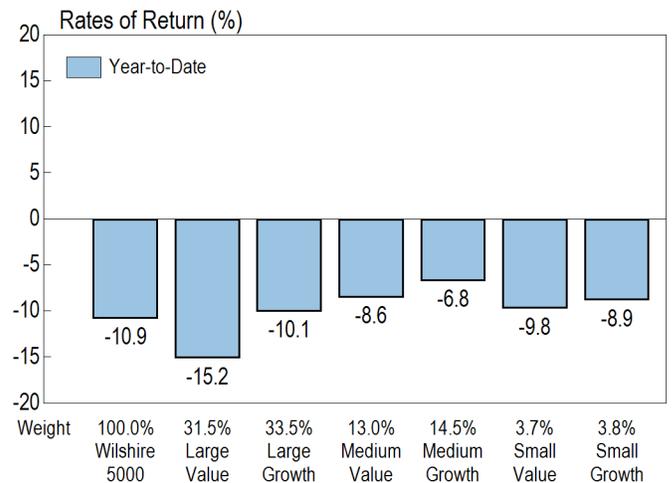
The Dow Jones Wilshire 5000 Index is the broadest available measure of the aggregate domestic stock market. It includes all domestic common stocks with readily available price information.

The exhibits above show the performance of the sectors that comprise the Dow Jones Wilshire 5000 Index. The percentage below each bar indicates the sector's weight within the Dow Jones Wilshire 5000 Index at quarter-end.

STYLE RETURNS SECOND QUARTER

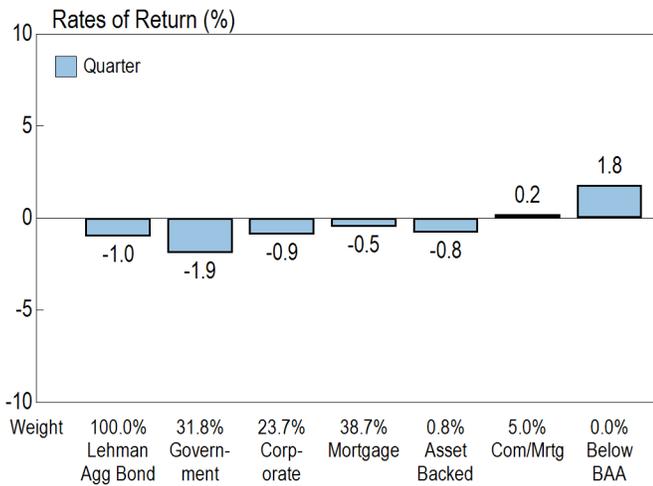


STYLE RETURNS YEAR-TO-DATE ENDING 6/30/08

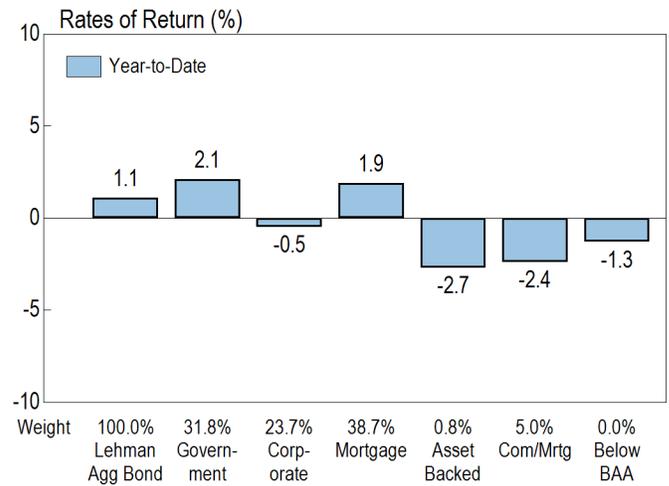


The exhibits above illustrate the performance of stock investment styles according to capitalization (large and small) and style characteristics (value and growth). The percentage below each bar indicates the segment's weight within the Dow Jones Wilshire 5000 Index at quarter-end.

**SECTOR RETURNS
SECOND QUARTER**



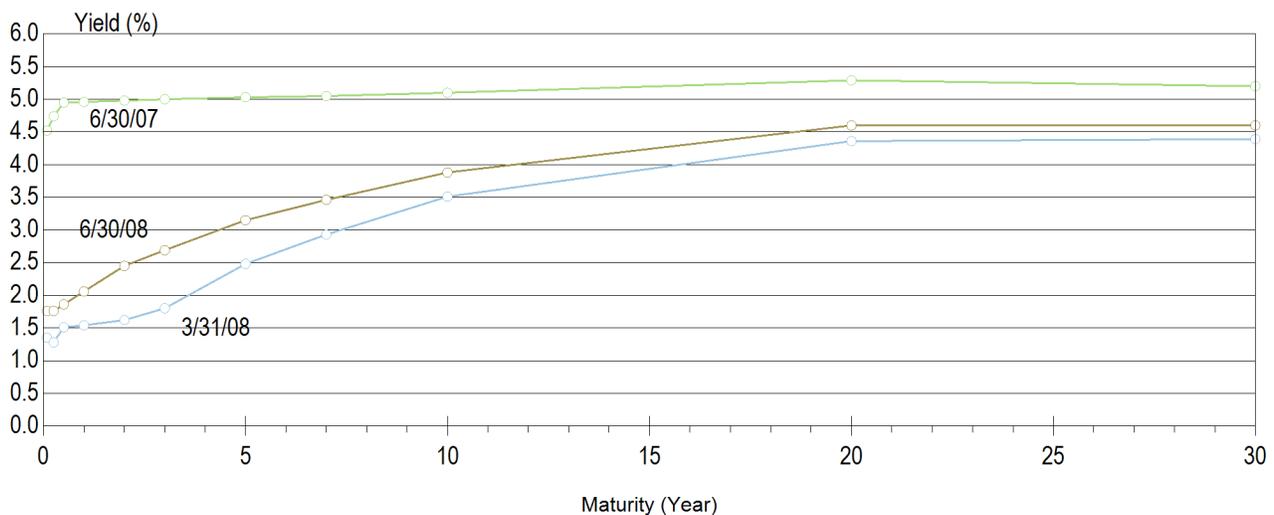
**SECTOR RETURNS
YEAR-TO-DATE ENDING 6/30/08**



The Lehman Brothers Aggregate Bond Index is a broad measure of the U.S. investment grade fixed income market. The Index consists of the corporate, government, and mortgage-backed indexes and includes credit card, auto, and home equity loan-backed securities.

The exhibits above show the performance of the sectors that comprise the broad domestic bond market. The percentage below each bar indicates the sector's weight within the Lehman Brothers Aggregate Bond Index at quarter-end.

U.S. TREASURY CURVE

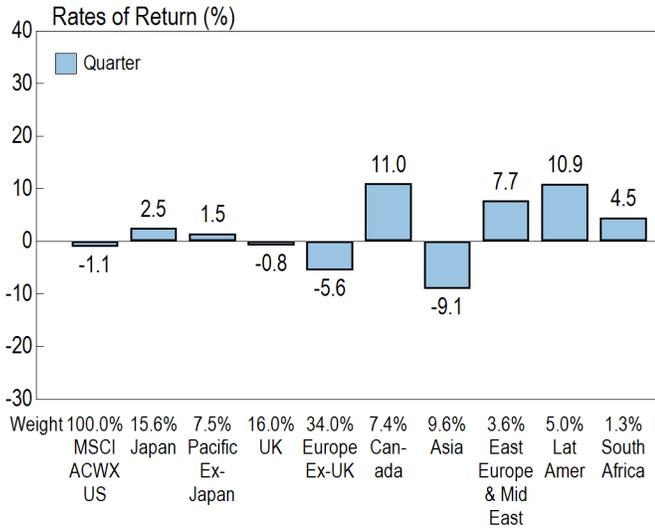


The exhibit above illustrates yields of Treasury securities of various maturities as of June 30, 2007, March 31, 2008, and June 30, 2008.

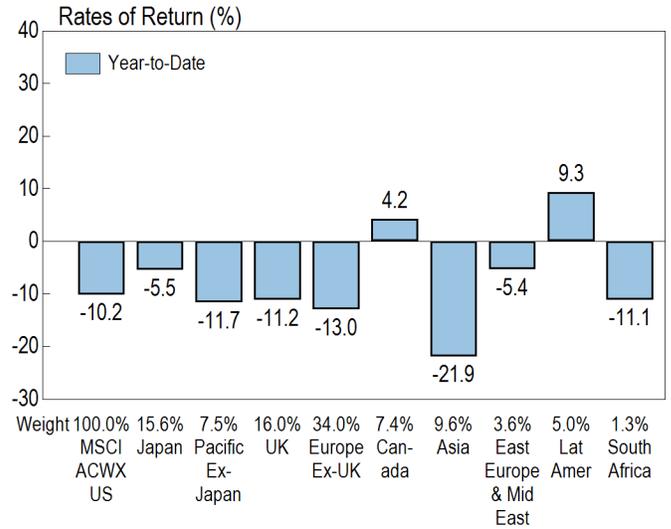
MARKET ENVIRONMENT

NON-U.S. STOCK MARKETS

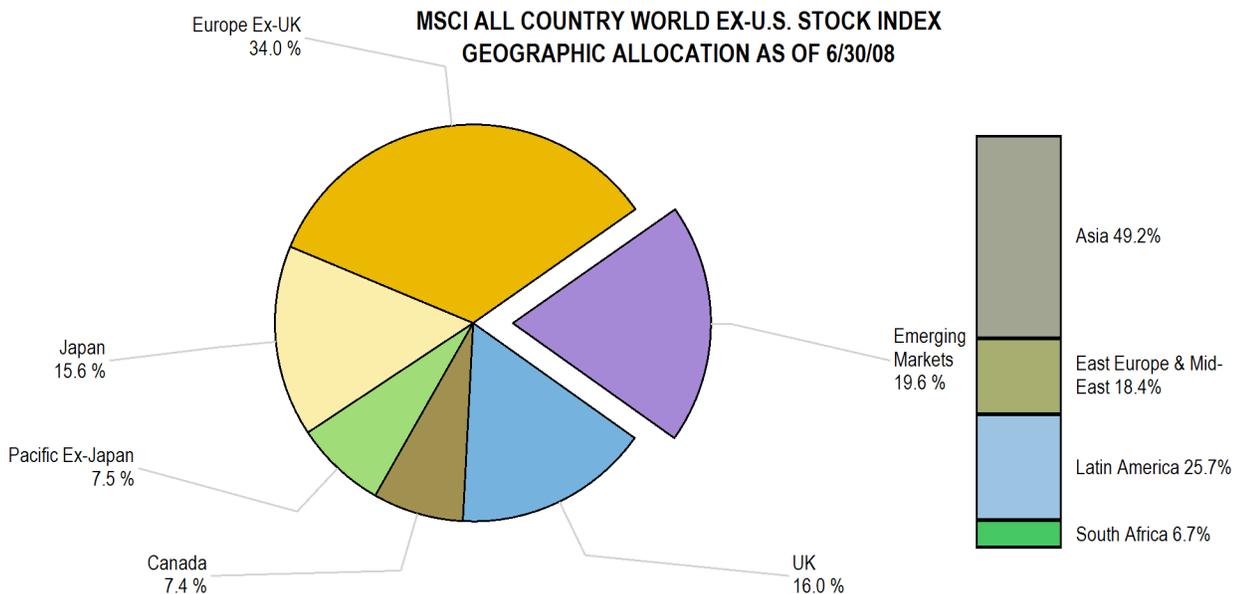
**NON-U.S. STOCK MARKET RETURNS
SECOND QUARTER**



**NON-U.S. STOCK MARKET RETURNS
YEAR-TO-DATE ENDING 6/30/08**



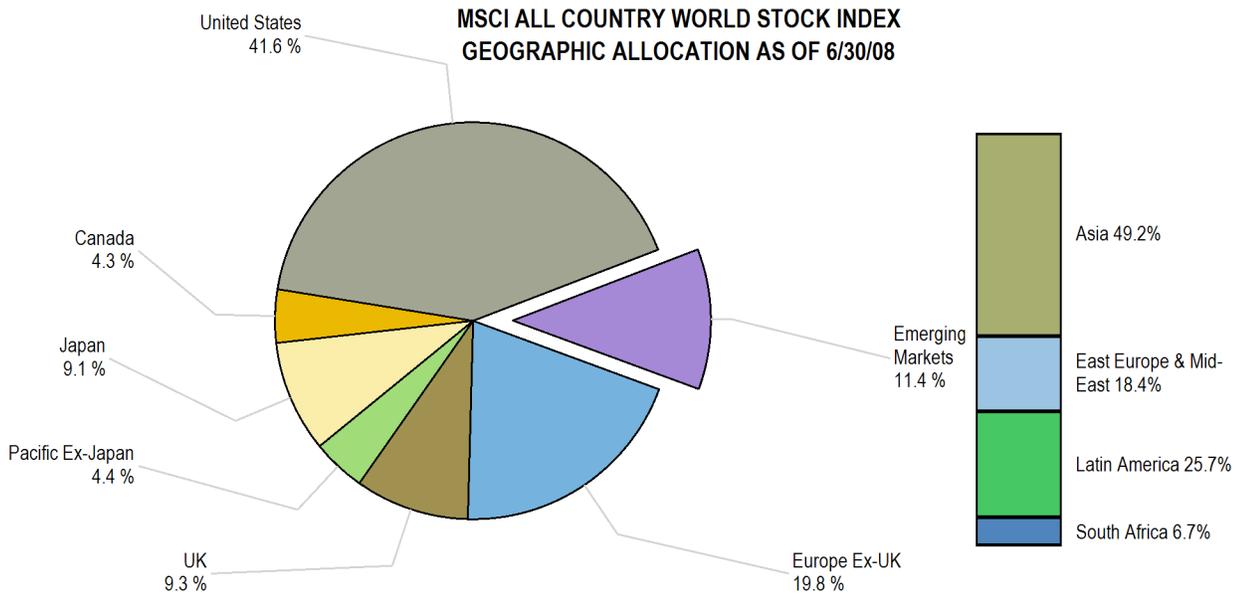
The MSCI All Country World ex-U.S. Index is a capitalization-weighted index of stocks representing 22 developed stock markets and 25 emerging stock markets around the world. The exhibits above show the performance of the regions that comprise the MSCI All Country World ex-U.S. Index at quarter-end.



The exhibit above illustrates the percent each region represents of the non-U.S. stock market as measured by the MSCI All Country World ex-U.S. Index.

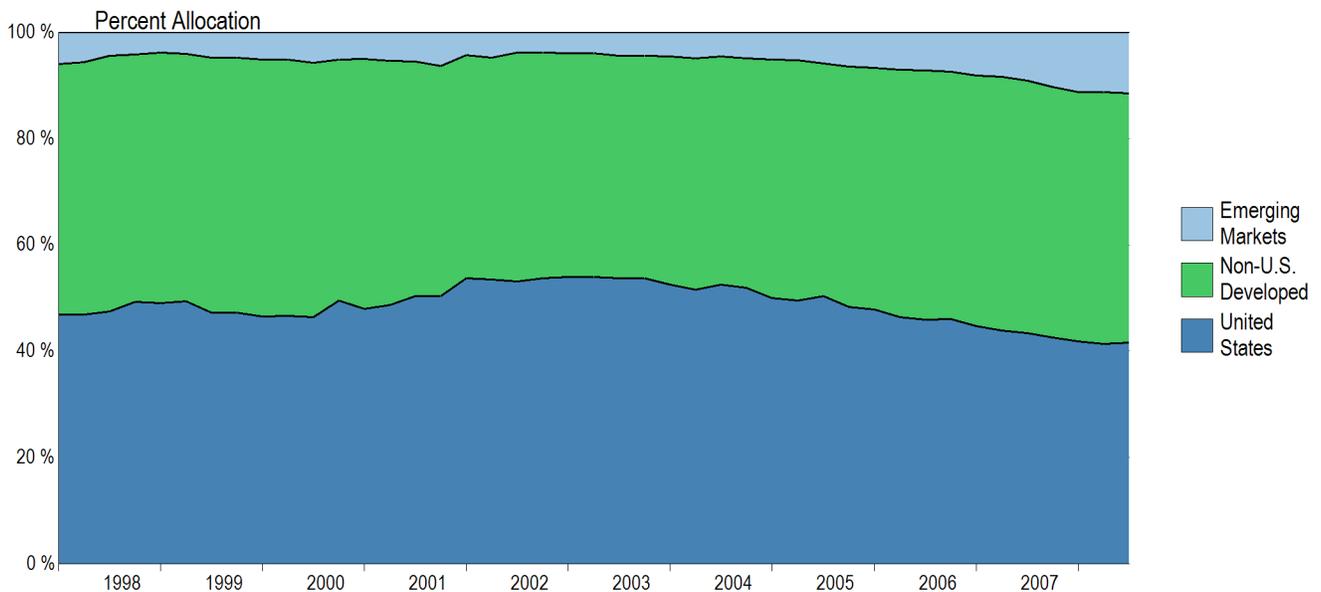
MARKET ENVIRONMENT

GLOBAL STOCK MARKETS



The MSCI All Country World Index is a capitalization-weighted index of stocks representing 23 developed stock markets and 25 emerging stock markets around the world. The graph above shows the allocation to each region at quarter-end.

ALLOCATION



The graph above shows the changes in the breakdown between the United States, non-U.S. developed markets, and emerging markets in the MSCI All Country World Index over time.

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**RETURN SUMMARY
ENDING 6/30/08**

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
North Shore Savings Fund	0.4%	1.0%	2.7%	3.3%	2.6%
iMoney Net Money Fund Average	0.5	1.3	3.6	3.6	2.5

Investment Strategy

The objective of the North Shore Savings Fund is to preserve capital and provide current income, while maintaining a high level of liquidity. The Fund is FDIC insured.

Performance Commentary

The Fund's short-term instruments continued to provide stability for investors.

The Fund lagged return of the iMoneyNet Money Fund Average during the second quarter, year-to-date, trailing one and three-year periods, but exceeded the return of the Average over the trailing five period. The Fund has met its investment objective of providing participants with a high level of liquidity and capital preservation.

HISTORICAL RETURNS

(BY YEAR)

	North Shore Savings Fund	iMoney Net Money Fund Average	Return Difference
	Return	Return	
1998	5.2%	5.0%	0.2
1999	4.8	4.6	0.2
2000	5.3	5.9	-0.6
2001	4.3	3.7	0.6
2002	1.6	2.1	-0.5
2003	1.4	0.9	0.5
2004	1.3	0.6	0.7
2005	2.8	1.7	1.1
2006	3.7	3.8	-0.1
2007	3.7	4.7	-1.0
2008 (6 months)	1.0	1.3	-0.3
Trailing 1-Year	2.7%	3.6%	-0.9
Trailing 3-Year	3.3	3.6	-0.3
Trailing 5-Year	2.6	2.5	0.1
Trailing 10-Year	3.2	3.2	0.0

STABLE VALUE

RETURN SUMMARY ENDING 6/30/08

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
Stable Value Fund	1.2%	2.4%	4.9%	4.8%	4.5%
EnnisKnupp GIC Index	1.2	2.3	4.7	4.3	4.1

Investment Strategy

The Stable Value Fund managed by Great-West seeks to provide a stable rate of return through current income while preserving capital. The Fund invests solely in fixed income securities rated AAA or those issued by the U.S. government and its agencies. The Fund will allocate assets to sectors that management believes offer increased yield potential.

Performance Commentary

The Stable Value Fund matched the return of its benchmark during the second quarter and has outperformed its benchmark return over all longer-term periods shown above. As shown below, Great-West's annual performance has been favorable relative to the benchmark since inception.

HISTORICAL RETURNS (BY YEAR)

	Stable Value Fund	EnnisKnupp GIC Index	Return Difference
	Return	Return	
1998	6.3%	6.2%	0.1
1999	6.3	6.0	0.3
2000	6.5	6.4	0.1
2001	6.5	6.2	0.3
2002	5.7	5.1	0.6
2003	4.3	4.1	0.2
2004	4.2	3.9	0.3
2005	4.5	3.7	0.8
2006	4.8	4.1	0.7
2007	4.9	4.6	0.3
2008 (6 months)	2.4	2.3	0.1
Trailing 1-Year	4.9%	4.7%	0.2
Trailing 3-Year	4.8	4.3	0.5
Trailing 5-Year	4.5	4.1	0.4
Trailing 10-Year	5.3	5.0	0.3

**RETURN SUMMARY
ENDING 6/30/08**

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
PIMCO Total Return Fund Instl	-1.3%	2.0%	10.8%	4.8%	4.5%
LB Aggregate Bond Index	-1.0	1.1	7.1	4.1	3.9

Investment Strategy

The PIMCO Total Return Fund, Institutional Shares, seeks total return consistent with preservation of capital. The Fund's strategy includes active sector rotation and moderate interest-rate anticipation. PIMCO's objective is to outperform the Lehman Brothers Aggregate Bond Index without incurring greater risk by utilizing innovative investment techniques or identifying sector and issue buying opportunities. The Fund maintains a duration between 3 and 6 years and can invest up to 10% in issues rated below BBB but no lower than B. The Fund may invest up to 20% of assets in non-dollar bonds. In March of 2007, PIMCO's Institutional share class replaced the Administrative share class.

Performance Commentary

The PIMCO Total Return Fund declined 1.3% during the second quarter and underperformed the LB Aggregate Bond Index by 30 basis points. The manager's focus on shorter maturities in the U.S. and U.K. proved disadvantageous, as yield curves in both economies flattened. Additionally, the manager's strategy of underweighting corporates, which outperformed like-duration Treasuries, along with having tactical exposure to non-U.S. interest rates further impeded the Fund's performance. Adding value to the Fund was the manager's strategy of placing an underweight allocation to U.S. duration and an overweight allocation to high quality mortgages. As the dollar continued to weaken, the Fund's exposure to emerging market currencies, particularly to the Brazilian Real, demonstrated to be beneficial.

PIMCO's longer-term performance remained favorable compared to the benchmark as shown above.

PIMCO TOTAL RETURN INSTL

FUND CHARACTERISTICS AS OF 6/30/08

	PIMCO Total Return Fund Instl	
Credit Quality	AAA	73%
	AA	17
	A	10
	BBB	2
	<BBB	7
	Treasury/Agency	-9
Composition	US Gov't/Agency	-9%
	Corporate	19
	Mortgage-Backed	61
	Foreign	6
	Cash	22
	Other	1
Average Maturity/Duration	5.3 years/4.5 years	
Number of Issues	3,798	
Turnover	N/A	
Distriubtion Yield	5.39%	
Inception Date	September 1994	
Total Fund Assets	\$128.8 billion	
Fees	0.43%	

HISTORICAL RETURNS

(BY YEAR)

	PIMCO Total Return Fund Instl	LB Aggregate Bond Index	Return Difference
	Return	Return	
1998	9.5%	8.7%	0.8
1999	-0.5	-0.8	0.3
2000	11.8	11.6	0.2
2001	9.2	8.4	0.8
2002	9.9	10.3	-0.4
2003	5.3	4.1	1.2
2004	4.9	4.3	0.6
2005	2.6	2.4	0.2
2006	3.7	4.3	-0.6
2007	9.0	7.0	2.0
2008 (6 months)	2.0	1.1	0.9
Trailing 1-Year	10.8%	7.1%	3.7
Trailing 3-Year	4.8	4.1	0.7
Trailing 5-Year	4.5	3.9	0.6
Trailing 10-Year	6.3	5.7	0.6

RETURN SUMMARY
ENDING 6/30/08

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
TRP PS Income	-0.5%	-4.1%	-2.3%	5.6%	7.3%
Custom Benchmark	-0.9	-3.7	-1.6	4.9	6.1

Investment Strategy

T. Rowe Price Personal Strategy Income Fund seeks to provide income, with a secondary goal of capital appreciation. The Fund invests in a variety of both stocks and bonds, with an emphasis on dividend-paying stocks and government and high-quality corporate, income-producing bonds.

The Fund's target asset allocation is 40% stocks, 40% bonds, and 20% cash. Typically, the Fund maintains a 5% - 10% exposure to non-U.S. stocks. It is the most conservative of the three T. Rowe Price lifestyle funds.

Performance Commentary

Although negative in absolute terms, the T. Rowe Price Personal Strategy Income Fund's return of -0.5% outperformed that of its benchmark by 40 basis points. The manager noted that an overweight allocation to large-cap growth stocks and an underweight allocation to large-cap value stocks relative to the benchmark added value, as growth stocks outperformed value stocks during the second quarter. The Fund favored investment-grade bonds over high-yield bonds, which also proved advantageous. Additionally, the manager increased allocations to non-U.S. bonds during the quarter, which aided in the Fund's return.

The Fund's year-to-date and trailing one-year period returns have underperformed that of its benchmark, while the trailing three- and five-year returns have outperformed.

T. ROWE PRICE

PERSONAL STRATEGY INCOME

FUND CHARACTERISTICS AS OF 5/31/08

	Personal Strategy Income Fund	
Composition*	U.S. Stock	33.4%
	Non-U.S. Stock	10.3
	Bonds	44.5
	Cash	11.8
Number of Holdings*	Stocks	662
	Bonds	602
Turnover	81%	
Inception Date	July 1994	
Total Fund Assets	\$819.8 million	
Fees	0.74%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Income	Custom Benchmark	Return Difference
	Return	Return	
1998	11.5%	14.1%	-2.6
1999	5.2	9.9	-4.7
2000	6.6	1.0	5.6
2001	0.9	-0.9	1.8
2002	-3.4	-4.1	0.7
2003	18.6	14.3	4.3
2004	9.9	7.4	2.5
2005	5.2	4.5	0.7
2006	9.6	9.3	0.3
2007	7.3	6.3	1.0
2008 (6 months)	-4.1	-3.7	-0.4
Trailing 1-Year	-2.3%	-1.6%	-0.7
Trailing 3-Year	5.6	4.9	0.7
Trailing 5-Year	7.3	6.1	1.2
Trailing 10-Year	5.7	4.8	0.9

*Data as of 3/31/08.

RETURN SUMMARY
ENDING 6/30/08

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
TRP PS Balanced	-0.7%	-6.8%	-6.0%	6.0%	8.7%
Custom Benchmark	-1.2	-6.1	-5.1	5.5	7.5

Investment Strategy

T. Rowe Price Personal Strategy Balanced Fund seeks both capital appreciation and income. The Fund invests in a variety of both stocks and bonds, with an emphasis on blue-chip, dividend-paying stocks, government and high-quality corporate, income-producing bonds.

The Fund's neutral asset allocation is 60% stocks, 30% bonds, and 10% cash. Typically, the Fund maintains a 10% exposure to non-U.S. stocks. The balanced fund is the median of the three T. Rowe Price lifestyle funds in terms of expected risk and reward.

Performance Commentary

During the second quarter, the T. Rowe Price Personal Strategy Balanced Fund lost 0.7%, yet outperformed its benchmark by 50 basis points. The manager noted that an overweight allocation to large-cap growth stocks and an underweight allocation to large-cap value stocks relative to the benchmark added value, as growth stocks outperformed value stocks during the second quarter. The Fund favored investment-grade bonds over high-yield bonds, which also proved advantageous. Additionally, the manager increased allocations to non-U.S. bonds during the quarter, which aided in the Fund's return.

The Fund's long-term returns are mixed compared to the benchmark. The Fund's year-to-date and trailing one-year periods have lagged the benchmark, while the trailing three- and five-year returns have outperformed.

T. ROWE PRICE

PERSONAL STRATEGY BALANCED

FUND CHARACTERISTICS AS OF 6/30/08

	Personal Strategy Balanced Fund	
Composition*	U.S. Stock	49.0%
	Non-U.S. Stock	15.2
	Bonds	34.0
	Cash	1.8
Number of Holdings*	Stocks	662
	Bonds	624
Turnover	73%	
Inception Date	July 1994	
Total Fund Assets	\$1.5 billion	
Fees	0.79%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Balanced	Custom Benchmark	Return Difference
	Return	Return	
1998	13.9%	17.4%	-3.5
1999	8.0	14.3	-6.3
2000	5.6	-3.0	8.6
2001	-2.5	-4.7	2.2
2002	-7.7	-9.2	1.5
2003	24.4	20.4	4.0
2004	12.6	9.6	3.0
2005	6.4	5.6	0.8
2006	11.9	12.1	-0.2
2007	7.7	6.5	1.2
2008 (6 months)	-6.8	-6.1	-0.7
Trailing 1-Year	-6.0%	-5.1%	-0.9
Trailing 3-Year	6.0	5.5	0.5
Trailing 5-Year	8.7	7.5	1.2
Trailing 10-Year	6.0	4.7	1.3

*Data as of 3/31/08.

RETURN SUMMARY
ENDING 6/30/08

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
TRP PS Growth	-0.8%	-9.3%	-9.8%	6.3%	9.9%
Custom Benchmark	-1.5	-8.5	-8.5	5.9	8.8

Investment Strategy

T. Rowe Price Personal Strategy Growth Fund seeks capital appreciation, with a secondary goal of income. The Fund invests in a variety of both stocks and bonds, with an emphasis on blue-chip, dividend-paying stocks, government and high-quality corporate, and income-producing bonds.

The Fund's neutral asset allocation is 80% stocks and 20% bonds. Typically, the Fund maintains a 15% - 25% exposure to non-U.S. stocks. The growth fund has the highest expected risk/reward profile of the three T. Rowe Price lifestyle funds.

Performance Commentary

The T. Rowe Price Personal Strategy Growth Fund fell 0.8% during the second quarter and surpassed the return of the its benchmark by 70 basis points. The manager noted that an overweight allocation to large-cap growth stocks and an underweight allocation to large-cap value stocks relative to the benchmark added value, as growth stocks outperformed value stocks during the second quarter. The Fund favored investment-grade bonds over high-yield bonds, which also proved advantageous. Additionally, the manager increased allocations to non-U.S. bonds during the quarter, which aided in the Fund's return.

The Fund's year-to-date and trailing one-year period lagged the benchmark, while the trailing three- and five- year returns outperformed.

T. ROWE PRICE

PERSONAL STRATEGY GROWTH

FUND CHARACTERISTICS AS OF 6/30/08

	Personal Strategy Growth Fund	
Composition*	U.S. Stock	64.3%
	Non-U.S. Stock	19.8
	Bonds	15.4
	Cash	0.6
Number of Holdings*	Stocks	662
	Bonds	549
Turnover	58%	
Inception Date	July 1994	
Total Fund Assets	\$1.3 billion	
Fee	0.85%	

HISTORICAL RETURNS

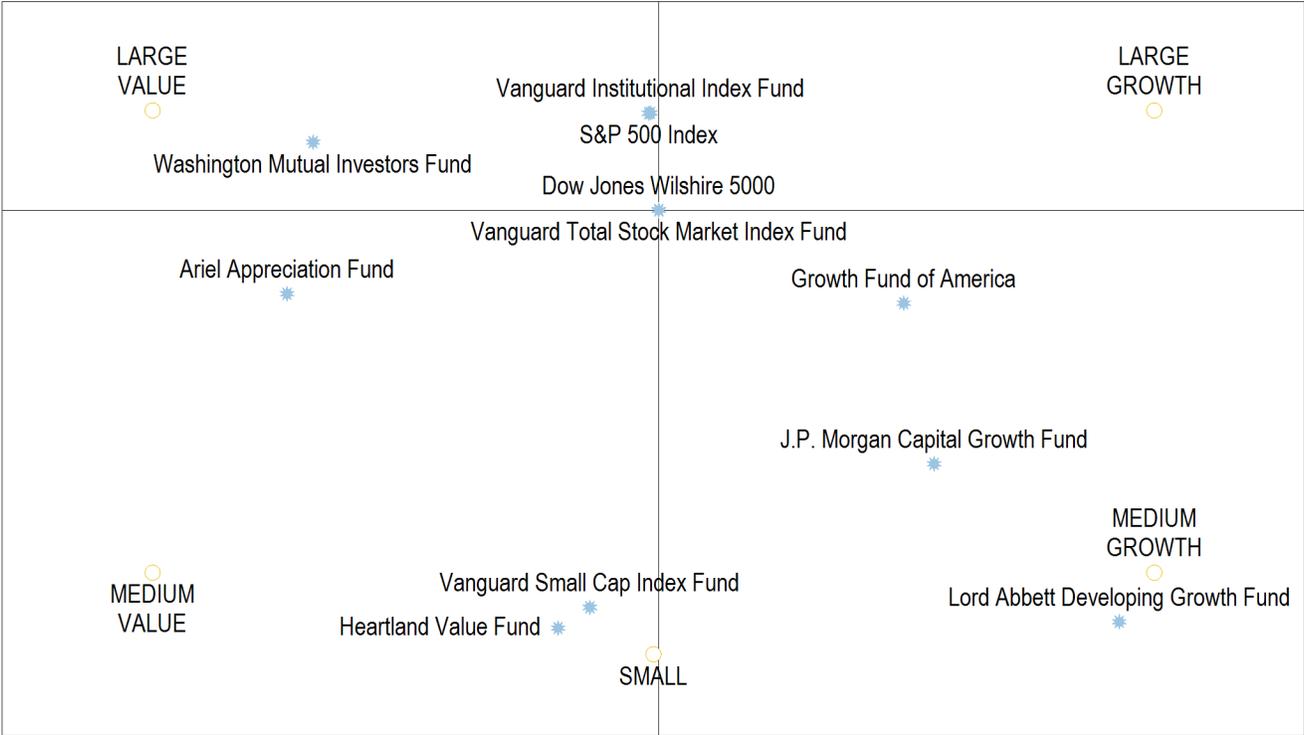
(BY YEAR)

	TRP PS Growth	Custom Benchmark	Return Difference
	Return	Return	
1998	15.6%	20.6%	-5.0
1999	11.2	18.8	-7.6
2000	4.7	-7.0	11.7
2001	-6.0	-8.4	2.4
2002	-12.4	-14.4	2.0
2003	29.3	26.6	2.7
2004	15.0	11.8	3.2
2005	7.6	6.5	1.1
2006	14.1	14.7	-0.6
2007	7.8	6.7	1.1
2008 (6 months)	-9.3	-8.5	-0.8
Trailing 1-Year	-9.8%	-8.5%	-1.3
Trailing 3-Year	6.3	5.9	0.4
Trailing 5-Year	9.9	8.8	1.1
Trailing 10-Year	5.9	4.5	1.4

*Data as of 3/31/08.

U.S. STOCK FUNDS - INVESTMENT STYLE

EFFECTIVE STYLE MAP
7 YEARS ENDING 6/30/08



WASHINGTON MUTUAL INVESTORS

RETURN SUMMARY ENDING 6/30/08

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
Washington Mutual Investors Fund	-4.6%	-12.2%	-15.3%	3.7%	7.0%
Russell 1000 Value Index	-5.3	-13.6	-18.8	3.5	8.9
S&P 500 Index	-2.7	-11.9	-13.1	4.4	7.6

Investment Strategy

Washington Mutual Investors Fund seeks both income and growth of capital. The Fund invests in stocks that meet the fiduciary requirements for the investment of trust funds. This includes companies that have paid consistent dividends and excludes those that derive their primary revenues from alcohol or tobacco (this guideline was replaced by ERISA in 1974, but has been an investment principle for this fund since its 1952 inception). In particular, they seek companies that have paid dividends in at least nine of the last ten years.

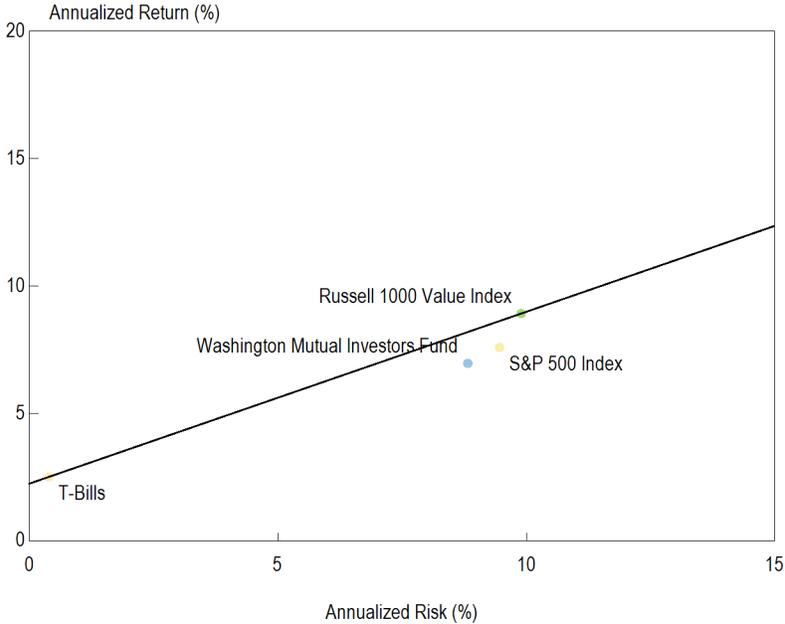
Capital Research & Management (the American Funds family) provides investment services for this fund. Management looks for stocks with strong long-term prospects selling at low prices. The Fund may invest up to 5% of assets in securities of non-U.S. issuers.

Performance Commentary

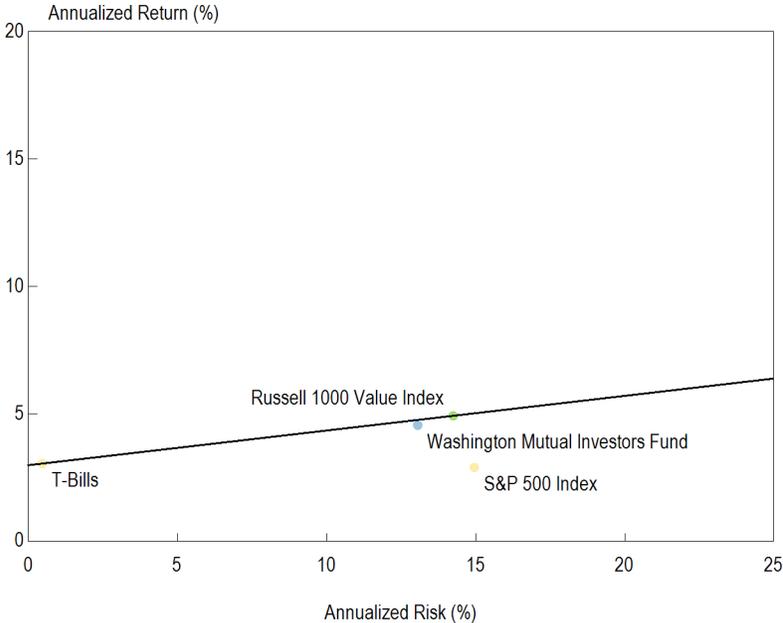
The Washington Mutual Investors Fund declined 4.6% during the second quarter, outpacing the Russell 1000 value Index, but trailed the S&P 500 Index. Stock selection and an underweight allocation compared to the benchmark in the energy, materials, and information technology sectors proved to be disadvantageous for the Fund. Poor stock selection in the consumer discretionary, consumer staples, and financials sectors also impeded the Fund's performance. From an industry perspective, thrifts and mortgage financials and diversified financial services were the largest detractors. In contrast, the insurance and electric utilities industries proved to be the most beneficial in adding value. An overweight allocation to the utilities sectors and cash relative to the benchmark aided performance.

The Fund's one- and three-year performance remains favorable when compared to the Russell 1000 Value Index. Over the five-year period, the fund has underperformed due to a period of relative weak results from 2003 to 2006. The Fund's longer term results are close to those of the S&P 500 Index, the Fund's internal benchmark.

**ANNUALIZED RISK RETURN
5 YEARS ENDING 6/30/08**



**ANNUALIZED RISK RETURN
10 YEARS ENDING 6/30/08**



WASHINGTON MUTUAL INVESTORS

FUND CHARACTERISTICS AS OF 6/30/08

	Washington Mutual Investors Fund	
Style Characteristics	Value	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.92	
Composition	U.S. Stocks	94.9%
	Non-U.S. Stocks	2.4
	Cash	2.7
Number of Issues**	121	
Turnover**	19%	
Inception Date	July 1952	
Total Fund Assets	\$69.5 billion	
Fees	0.60%	

HISTORICAL RETURNS

(BY YEAR)

	Washington Mutual Investors Fund	Russell 1000 Value Index	Return Difference
	Return	Return	
1998	19.4 %	15.6 %	3.8
1999	1.2	7.4	-6.2
2000	9.1	7.0	2.1
2001	1.5	-5.6	7.1
2002	-14.8	-15.5	0.7
2003	25.8	30.0	-4.2
2004	9.9	16.5	-6.6
2005	3.5	7.0	-3.5
2006	18.0	22.2	-4.2
2007	4.0	-0.2	4.2
2008 (6 months)	-12.2	-13.6	1.4
Trailing 1-Year	-15.3 %	-18.8 %	3.5
Trailing 3-Year	3.7	3.5	0.2
Trailing 5-Year	7.0	8.9	-1.9
Trailing 10-Year	4.5	4.9	-0.4

*Relative to the Russell 1000 Value Index.

**Data as of 3/31/08

**RETURN SUMMARY
ENDING 6/30/08**

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
Vanguard Institutional Index Fund	-2.7 %	-11.9 %	-13.1 %	4.4 %	7.6 %
S&P 500 Index	-2.7	-11.9	-13.1	4.4	7.6

Investment Strategy

The Vanguard Institutional Index Fund is designed to approximate the performance of the S&P 500 Stock Index. The fund holds a capitalization-weighted position in all 500 securities of the S&P 500 Stock Index.

Management uses S&P 500 Index futures to manage fund inflows and outflows.

Milwaukee County switched from the retail Vanguard 500 Index Fund to the Vanguard Institutional Index Fund in May 1999.

Performance Commentary

The Vanguard Institutional Index Fund tracked the return of the S&P 500 Index during the second quarter and over all longer-term periods shown above, as expected.

VANGUARD INSTITUTIONAL INDEX

FUND CHARACTERISTICS AS OF 6/30/08

	Vanguard Institutional Index Fund	
Style Characteristics	Core	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	1.00	
Composition**	U.S. Stocks	99.7%
	Cash	0.3
Number of Issues**	508	
Turnover**	7%	
Inception Date	July 1990	
Total Fund Assets	\$148.3 billion	
Fees	0.05%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Institutional Index Fund	S&P 500 Index	Return Difference
	Return	Return	
1998	28.8%	28.6%	0.2
1999	21.2	21.0	0.2
2000	-8.9	-9.1	0.2
2001	-11.9	-11.9	0.0
2002	-22.0	-22.1	0.1
2003	28.7	28.7	0.0
2004	10.9	10.9	0.0
2005	4.9	4.9	0.0
2006	15.8	15.8	0.0
2007	5.5	5.5	0.0
2008 (6 months)	-11.9	-11.9	0.0
Trailing 1-Year	-13.1%	-13.1%	0.0
Trailing 3-Year	4.4	4.4	0.0
Trailing 5-Year	7.6	7.6	0.0
Trailing 10-Year	2.9	2.9	0.0

*Relative to the S&P 500 Index.

**Data as of 3/31/08.

**RETURN SUMMARY
ENDING 6/30/08**

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
Growth Fund of America	1.3 %	-6.6 %	-5.0 %	9.1 %	11.6 %
Russell 1000 Growth Index	1.2	-9.1	-6.0	5.9	7.3

Investment Approach

Capital Research and Management is the sub-advisor for the Growth Fund of America. Capital Research uses a multiple-counselor system in managing the portfolio's assets. The portfolio is divided into segments and the counselors manage their respective segments autonomously. The research analysts are responsible for making the investment decisions for one of the segments.

The Capital Research and Management Investment Committee is responsible for making sure the portfolio stays within its limits and adheres to its investment policies. The objective of the Fund is to provide long-term growth of capital by investing in a diversified portfolio of common stocks while using a growth-at-a-reasonable price strategy. The Fund may invest up to 15% of its assets in companies domiciled outside the U.S. This Fund is less volatile than most large cap growth funds.

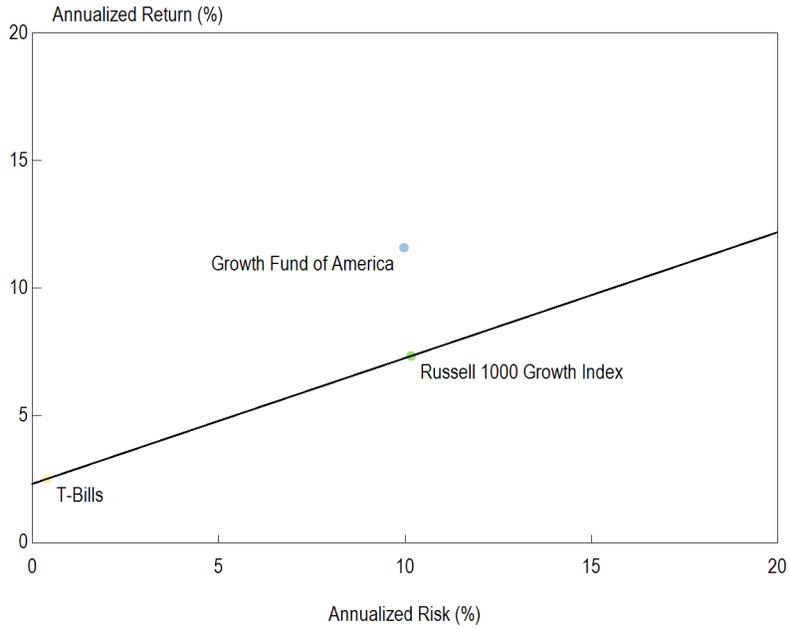
Performance Commentary

The American Funds Growth Fund of America posted a gain of 1.3%, modestly outpacing the Russell 1000 Growth Index during the second quarter. The Fund's underweight allocations relative to the Index and strong stock selection within the telecommunication, industrials, and financials sectors positively impacted the Fund's return. Additionally an overweight allocation to the energy and materials sectors contributed to the Fund's outperformance. On the other hand, poor stock selection in the utilities and information technology sectors penalized the Fund's return. From a country perspective, performance was driven by holdings within the U.S., Canada, and the U.K. While, poor holdings selection within Finland and France hindered performance.

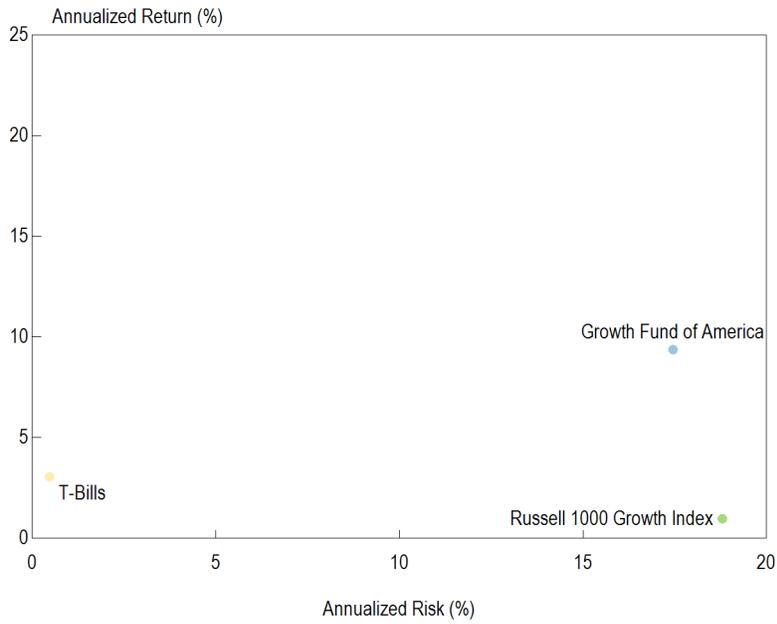
The Fund has outperformed the Russell 1000 Growth Index over all long-term periods shown above.

GROWTH FUND OF AMERICA

ANNUALIZED RISK RETURN 5 YEARS ENDING 6/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 6/30/08



FUND CHARACTERISTICS AS OF 6/30/08

	Growth Fund of America	
Style Characteristics	Growth	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.89	
Composition	U.S. Stocks	69.0%
	Non-U.S. Stocks	19.4
	U.S. Bonds	0.1
	Cash	11.5
Number of Issues**	282	
Turnover**	26%	
Inception Date	December 1973	
Total Fund Assets	\$184.7 billion	
Fees	0.35%	

HISTORICAL RETURNS

(BY YEAR)

	Growth Fund of America	Russell 1000 Growth Index	Return Difference
	Return	Return	
1998	31.8%	38.7%	-6.9
1999	45.7	33.2	12.5
2000	7.5	-22.4	29.9
2001	-12.3	-20.4	8.1
2002	-21.8	-27.9	6.1
2003	33.3	29.8	3.5
2004	12.2	6.3	5.9
2005	14.5	5.3	9.2
2006	11.2	9.1	2.1
2007	11.3	11.8	-0.5
2008 (6 months)	-6.6	-9.1	2.5
Trailing 1-Year	-5.0%	-6.0%	1.0
Trailing 3-Year	9.1	5.9	3.2
Trailing 5-Year	11.6	7.3	4.3
Trailing 10-Year	9.4	1.0	8.4

*Relative to the Russell 1000 Growth Index.

**Data as of 3/31/08.

VANGUARD TOTAL STOCK MARKET INDEX

RETURN SUMMARY ENDING 6/30/08

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
Vanguard Total Stock Market Index Fund	-1.5%	-10.8%	-12.5%	5.0%	8.7%
Performance Benchmark	-1.5	-10.9	-12.5	5.0	8.7

Investment Strategy

The objective of the Vanguard Total Stock Market Index Fund is to approximate the return of the MSCI U.S. Broad Market Index. The Vanguard Total Stock Market Index Fund utilizes a sampling technique that approximates the industry weightings and market capitalizations of the MSCI U.S. Broad Market Index. The Fund will replicate the weightings of the largest stocks in the Index and invest in a representative sample for the remaining portion. Through computer modeling techniques, management intends to match the Index's characteristics, including sector weightings, yield, price ratios, and risk.

Performance Commentary

The Vanguard Total Stock Market Index Fund matched the return of its benchmark during the second quarter and over all longer-term periods shown above, as expected. The Vanguard Total Stock Market Index Fund has provided participants with broad, low cost exposure to the U.S. equity market.

An explanation of the Performance Benchmark can be found in the Appendix.

VANGUARD TOTAL STOCK MARKET INDEX

FUND CHARACTERISTICS AS OF 6/30/08

	Vanguard Total Stock Market Index Fund	
Style Characteristics	Core	
Capitalization Focus	Large and Medium	
Level of Diversification	Diversified	
Market Risk (Beta)*	1.00	
Composition**	U.S. Stocks	99.4%
	Non-U.S. Stocks	0.6
	Cash	0.0
Number of Issues**	3,547	
Turnover**	5%	
Inception Date	April 1992	
Total Fund Assets	\$87.9 billion	
Fees	0.06%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Total Stock Market Index Fund	Performance Benchmark	Return Difference
	Return	Return	
1998	23.3%	23.4%	-0.1
1999	23.8	23.6	0.2
2000	-10.6	-10.9	0.3
2001	-10.9	-11.0	0.1
2002	-21.0	-20.9	-0.1
2003	31.4	31.7	-0.3
2004	12.6	12.6	0.0
2005	6.1	6.2	-0.1
2006	15.7	15.7	0.0
2007	5.6	5.6	0.0
2008 (6 months)	-10.8	-10.9	0.1
Trailing 1-Year	-12.5%	-12.5%	0.0
Trailing 3-Year	5.0	5.0	0.0
Trailing 5-Year	8.7	8.7	0.0
Trailing 10-Year	3.6	3.6	0.0

*Relative to the Performance Benchmark (DJ Wilshire 5000 Stock Index prior to April 2005, MSCI Broad Market Index thereafter).

**Data as of 3/31/08.

J.P. MORGAN CAPITAL GROWTH

RETURN SUMMARY ENDING 6/30/08

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
J.P. Morgan Capital Growth Fund	7.7%	-7.5%	-3.0%	8.8%	12.8%
Performance Benchmark	4.6	-6.8	-6.4	8.2	12.3

Investment Strategy

The J.P. Morgan Capital Growth Fund seeks long-term capital growth. Income is not an objective. The Fund invests in stocks of mid cap companies with market capitalizations of \$1 billion to \$5 billion. The current benchmark is the Russell MidCap Growth Index; however, the Fund's actual allocations can vary from those in the Index.

The Fund may invest up to 20% of assets in foreign stocks, although management has typically maintained a small foreign allocation.

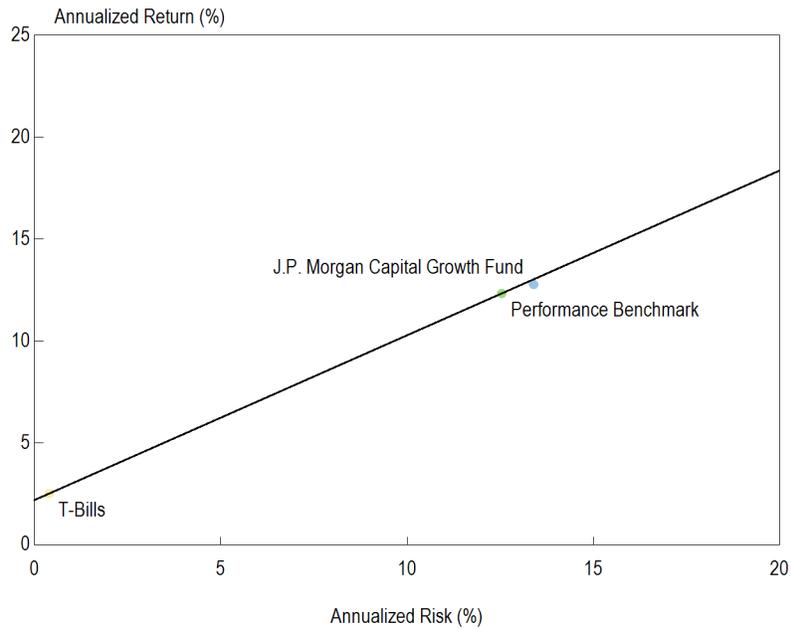
Performance Commentary

The J.P. Morgan Capital Growth Fund generated a return of 7.7% during the second quarter, outperforming its benchmark by 3.1 percentage points. Stock selection within the consumer discretionary and financial services sectors contributed positively to the Fund's return. The Fund benefited from top holdings in Mastercard (+19.1%) and Forest Oil (+52.2%). The Fund's underweight allocation in the healthcare and energy sectors detracted from performance.

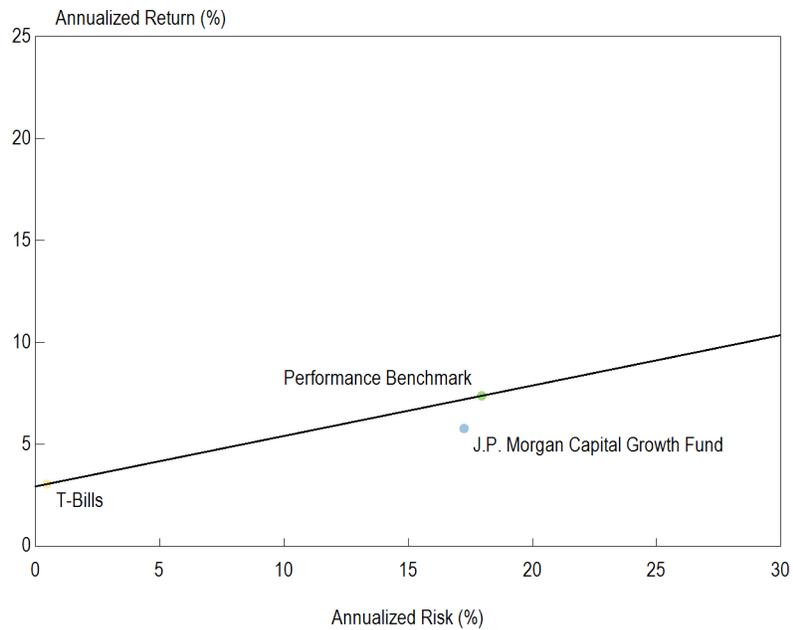
The Fund's strong second quarter performance was offset by its below benchmark return from the first quarter, as the year-to-date return of the Fund trailed the benchmark by 0.7 percentage points. With the exception of the year-to-date period, the Fund has exceeded the return of its benchmark during all long-term periods shown above.

An explanation of the Performance Benchmark can be found in the Appendix.

**ANNUALIZED RISK RETURN
5 YEARS ENDING 6/30/08**



**ANNUALIZED RISK RETURN
10 YEARS ENDING 6/30/08**



J.P. MORGAN CAPITAL GROWTH

FUND CHARACTERISTICS AS OF 6/30/08

	J.P. Morgan Capital Growth Fund	
Style Characteristics	Growth	
Capitalization Focus	Medium	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.93	
Composition	U.S. Stocks	97.4%
	Non-U.S. Stocks	1.8
	Cash	0.8
Number of Issues	88	
Turnover	103%	
Inception Date	September 1987	
Total Fund Assets	\$961 million	
Fees	1.14%	

HISTORICAL RETURNS

(BY YEAR)

	J.P. Morgan Capital Growth Fund	Performance Benchmark	Return Difference
	Return	Return	
1998	5.5%	0.4%	5.1
1999	12.8	19.0	-6.2
2000	14.2	17.5	-3.3
2001	-4.5	-0.6	-3.9
2002	-28.1	-27.4	-0.7
2003	36.1	42.7	-6.6
2004	16.9	15.5	1.4
2005	9.7	12.1	-2.4
2006	10.9	10.6	0.3
2007	17.0	11.4	5.6
2008 (6 months)	-7.5	-6.8	-0.7
Trailing 1-Year	-3.0%	-6.4%	3.4
Trailing 3-Year	8.8	8.2	0.6
Trailing 5-Year	12.8	12.3	0.5
Trailing 10-Year	5.8	7.4	-1.6

*Relative to J.P. Morgan's Performance Benchmark.

**RETURN SUMMARY
ENDING 6/30/08**

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
Ariel Appreciation Fund	-3.0%	-12.0%	-21.1%	-0.3%	5.3%
Russell 2500 Index	1.4	-8.1	-14.3	4.9	11.5

Investment Strategy

The Ariel Appreciation Fund seeks long-term capital appreciation, income is not an objective. Management invests in small- and mid-cap U.S. companies that meet environmentally responsible standards. By prospectus, the Fund may not purchase companies involved in the manufacturing of weapons, nuclear energy, or tobacco related products.

Management seeks stocks that are industry leaders or that occupy an industry niche and are selling at a discount to growth-rate projections. Although the Fund is relatively concentrated, management has generally avoided large stakes in growth industries such as technology and health care.

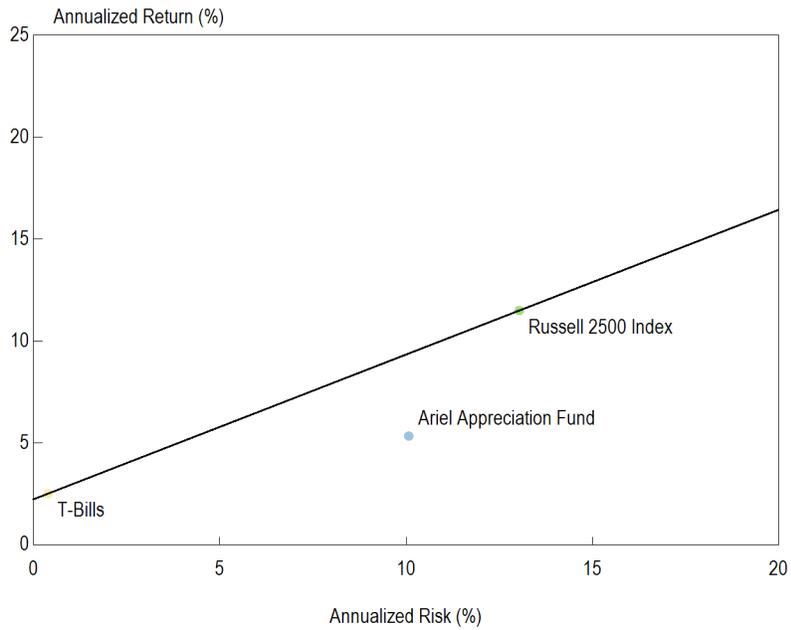
Performance Commentary

The Ariel Appreciation Fund produced a loss of 3.0% during the second quarter, underperforming the Russell 2500 Index by 4.4 percentage points. Heavy exposure to the consumer discretionary and financial services sectors hampered the Fund's return. In addition, having no exposure to the energy sector also subtracted from performance, as it was the strongest performing sector in the market. Jones Lang LaSalle (-21.6%) and Carnival Corp (-17.7%) were among the top holdings that detracted the most from the Fund's performance. On a positive note, holdings in Accenture (+15.8%) and IMS Health Inc (+11.0%) added value to the Fund.

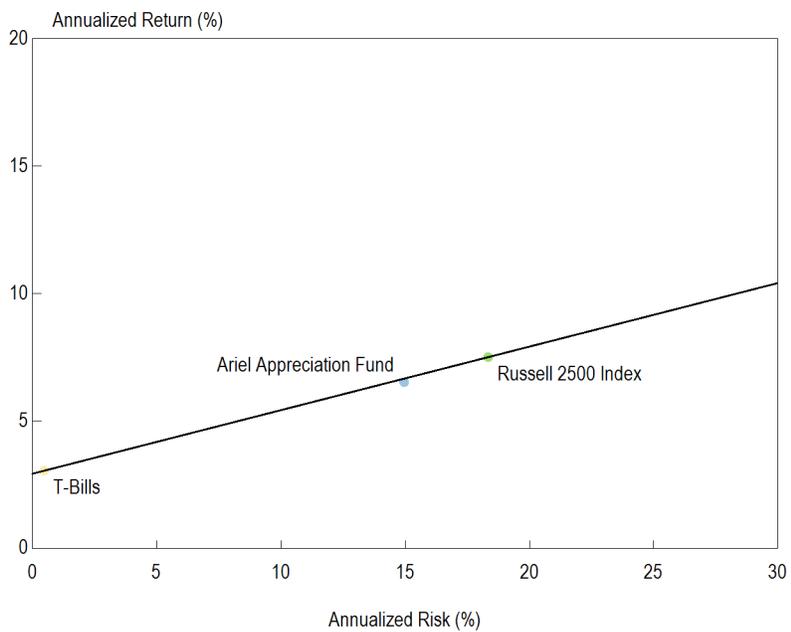
The Fund's long-term period performance remains unfavorable, as it has trailed the Russell 2500 Index during all periods shown above.

ARIEL APPRECIATION

ANNUALIZED RISK RETURN 5 YEARS ENDING 6/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 6/30/08



FUND CHARACTERISTICS AS OF 6/30/08

	Ariel Appreciation Fund	
Style Characteristics	Value	
Capitalization Focus	Small to Medium	
Level of Diversification	Somewhat Concentrated	
Market Risk (Beta)*	0.62	
Composition	U.S. Stocks	100.0%
Number of Issues	32	
Turnover	26%	
Inception Date	December 1989	
Total Fund Assets	\$1.7 billion	
Fees	1.12%	

HISTORICAL RETURNS

(BY YEAR)

	Ariel Appreciation Fund	Russell 2500 Index	Return Difference
	Return	Return	
1998	19.5 %	0.4 %	19.1
1999	-3.8	24.1	-27.9
2000	18.8	4.3	14.5
2001	16.2	1.2	15.0
2002	-10.4	-17.8	7.4
2003	31.0	45.5	-14.5
2004	13.1	18.3	-5.2
2005	2.9	8.1	-5.2
2006	10.9	16.2	-5.3
2007	-1.4	1.4	-2.8
2008 (6 months)	-12.0	-8.1	-3.9
Trailing 1-Year	-21.1 %	-14.3 %	-6.8
Trailing 3-Year	-0.3	4.9	-5.2
Trailing 5-Year	5.3	11.5	-6.2
Trailing 10-Year	6.5	7.5	-1.0

*Relative to the Russell 2500 Index.

VANGUARD SMALL CAP INDEX

RETURN SUMMARY ENDING 6/30/08

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
Vanguard Small Cap Index Fund	1.0%	-8.2%	-14.9%	4.7%	11.6%
Small-Cap Index	1.1	-8.3	-15.0	4.6	11.6

Investment Strategy

The Vanguard Small Cap Index Fund's strategy is designed to track the investment performance of the MSCI US 1750 Small Cap Index, which is comprised of the 1,750 smallest stocks out of the 2,500 largest stocks. Prior to May 17, 2003, the Fund replicated the Russell 2000 Index. Prior to June 30, 2003, the fund used a sampling technique to track the Russell 2000 Index.

Performance Commentary

The Fund approximated the return of its benchmark during the second quarter. Slight tracking error existed over the longer-term periods shown above.

The Fund was moved from Admiral shares to the new Signal share class on 10/6/2007.

An explanation of the Performance Benchmark can be found in the Appendix.

VANGUARD SMALL CAP INDEX

FUND CHARACTERISTICS AS OF 6/30/08

	Vanguard Small Cap Index Fund	
Style Characteristics	Core	
Capitalization Focus	Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.99	
Composition	U.S. Stocks	98.9%
	Non-U.S. Stocks	1.1
	Cash	0.0
Number of Issues	1,745	
Turnover	16%	
Inception Date	October 1960	
Total Fund Assets	\$12.0 billion	
Fees	0.13%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Small Cap Index Fund	Small-Cap Index	Return Difference
	Return	Return	
1998	-2.6%	-2.5%	-0.1
1999	23.1	21.3	1.8
2000	-2.7	-3.0	0.3
2001	3.1	2.5	0.6
2002	-20.0	-20.5	0.5
2003	45.6	47.5	-1.9
2004	19.9	20.0	-0.1
2005	7.4	7.5	-0.1
2006	15.8	15.8	0.0
2007	1.2	1.2	0.0
2008 (6 months)	-8.2	-8.3	0.1
Trailing 1-Year	-14.9%	-15.0%	0.1
Trailing 3-Year	4.7	4.6	0.1
Trailing 5-Year	11.6	11.6	0.0
Trailing 10-Year	6.4	6.2	0.2

*Relative to the Vanguard Small Cap Index Performance Benchmark

LORD ABBETT DEVELOPING GROWTH

RETURN SUMMARY ENDING 6/30/08

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
Lord Abnett Developing Growth Fund	6.6%	-16.6%	-4.7%	12.7%	12.5%
Russell 2000 Growth Index	4.5	-8.9	-10.8	6.1	10.4

Investment Approach

Management of the Lord Abnett Developing Growth Fund employs a process of fundamental research to identify small cap companies that are entering a period of dramatic growth. Management begins by combining growth, balance sheet, and financial statement factors to identify a promising universe of approximately 400 stocks. Portfolio managers and analysts then undertake fundamental and industry research, including company, customer and supplier visits, to select businesses with growth and earnings prospects. However, management sets valuation limits on purchase candidates, preferring to buy stocks at low valuations and then hold them throughout several growth stages.

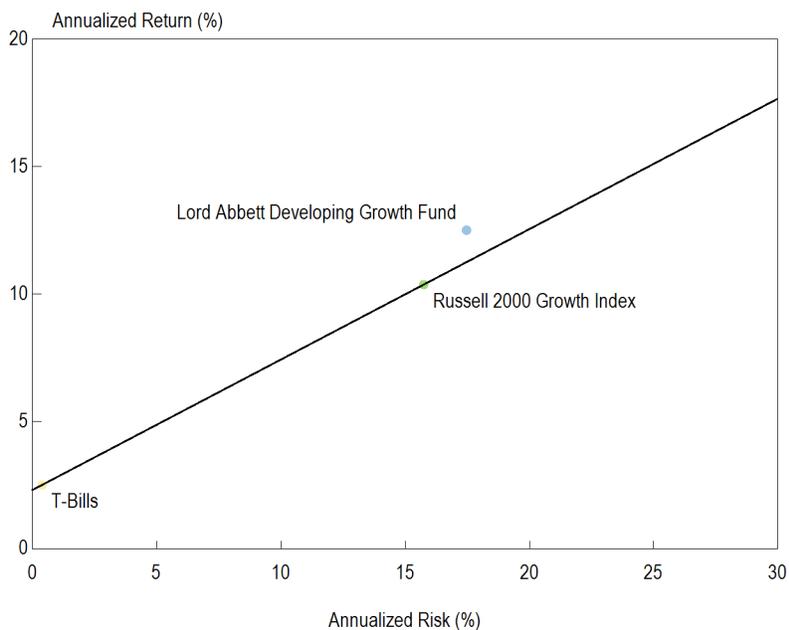
The Fund tends to feature sector diversification, albeit with substantial exposure to growth industries. The portfolio holds approximately 130 micro- and small-cap stocks.

Performance Commentary

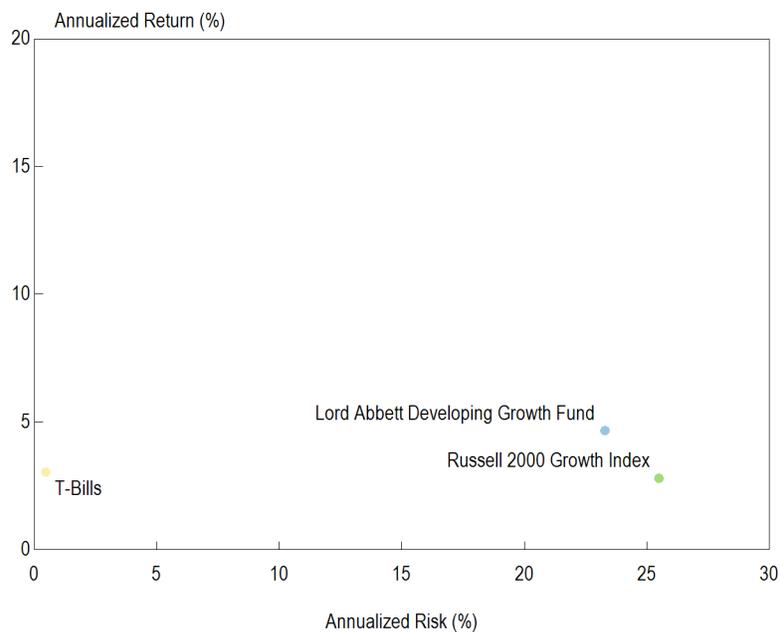
Lord Abnett's second quarter return of 6.6% exceeded that of the Russell 2000 Growth Index by 2.1 percentage points. Stock selection within the materials sector demonstrated to be the largest contributor to the Fund's return. Specifically, holdings in Cleveland-Cliffs (+99.0%) and EnerSys (+43.1%) added value due to high global demand for steel and the continuing strength in global business for industrial batteries. In contrast, Allegiant Travel (-29.6%) and Kirby (-15.8%) detracted from performance. Additionally, an underweight allocation to the energy sector relative to the Index hindered performance.

Although Lord Abnett had a strong second quarter, its weak first quarter performance was responsible for the year-to-date underperformance. All other long-term periods shown above are favorable as the Fund has outperformed the Index.

ANNUALIZED RISK RETURN 5 YEARS ENDING 6/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 6/30/08



LORD ABBETT DEVELOPING GROWTH

FUND CHARACTERISTICS AS OF 6/30/08

	Lord Abbett Developing Growth Fund	
Style Characteristics	Growth	
Capitalization Focus	Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.88	
Composition	U.S. Stocks	94.5%
	Non-U.S. Stocks	1.7
	Cash	3.8
Number of Issues	130	
Turnover	74%	
Inception Date	October 1973	
Total Fund Assets	\$1.5 billion	
Fees	1.19%	

HISTORICAL RETURNS

(BY YEAR)

	Lord Abbett Developing Growth Fund	Russell 2000 Growth Index	Return Difference
	Return	Return	
1998	8.3%	1.2%	7.1
1999	38.2	43.1	-4.9
2000	-17.7	-22.4	4.7
2001	-7.0	-9.2	2.2
2002	-29.5	-30.3	0.8
2003	40.1	48.5	-8.4
2004	6.0	14.3	-8.3
2005	11.9	4.1	7.8
2006	12.4	13.3	-0.9
2007	35.8	7.0	28.8
2008 (6 months)	-16.6	-8.9	-7.7
Trailing 1-Year	-4.7%	-10.8%	6.1
Trailing 3-Year	12.7	6.1	6.6
Trailing 5-Year	12.5	10.4	2.1
Trailing 10-Year	4.7	2.8	1.9

*Relative to the Russell 2000 Growth Index

**RETURN SUMMARY
ENDING 6/30/08**

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
Heartland Value Fund	8.1%	-2.4%	-13.1%	8.5%	11.9%
Russell 2000 Value Index	-3.5	-9.8	-21.6	1.4	10.0

Investment Approach

The Heartland Value Fund seeks long-term capital appreciation through investments in small or micro cap securities selected under disciplined, value-oriented criteria. Management seeks companies whose stock prices do not reflect what Heartland believes to be the companies' intrinsic or potential values. A company's stock may be undervalued because it is under-followed by Wall Street analysts, misunderstood by investors, temporarily oversold or out-of-favor as a result of investor overreaction to unexpected news or an emerging, undiscovered opportunity.

Heartland builds portfolios based on a bottom-up fundamental analysis of individual securities while avoiding over-concentration in a particular industry or industries. Heartland begins its search for investment ideas by performing a weekly computer screening of a universe of over 10,000 securities. The database is screened to find securities that have a market capitalization of \$750 million or less. The firm's analysts, using 10 value-based criteria referred to at Heartland as the "10 Point Grid", extensively research each security considered for purchase.

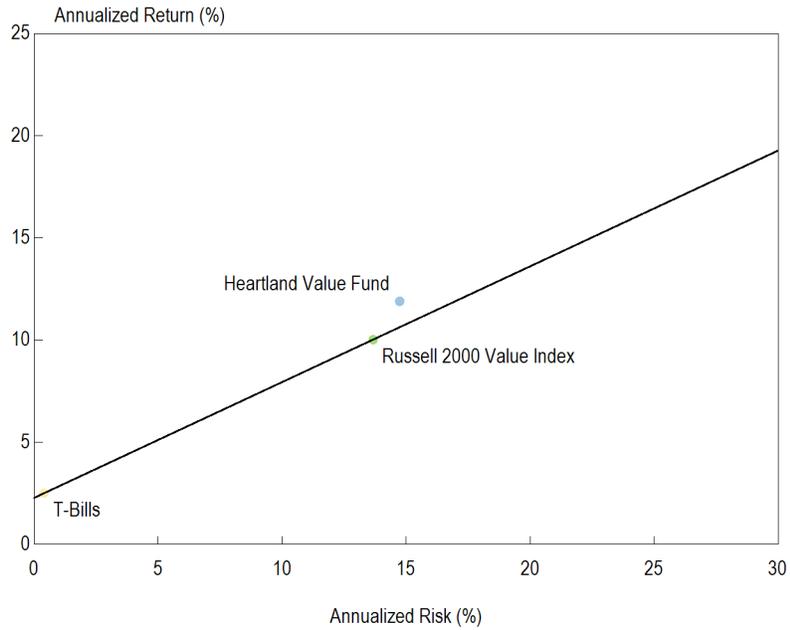
Performance Commentary

The Heartland Value Fund generated a return of 8.1% during the second quarter, outperforming the Russell 2000 Value Index by an impressive 11.6 percentage points. The Fund's most significant contributor was stock selection and an overweight allocation relative to the Index in the energy sector. This proved beneficial as oil prices continued to rise during the second quarter. The Fund also benefited from an underweight allocation in the financials sector. Poor stock selection in the materials sector demonstrated to be the only significant factor that detracted from the Fund's return.

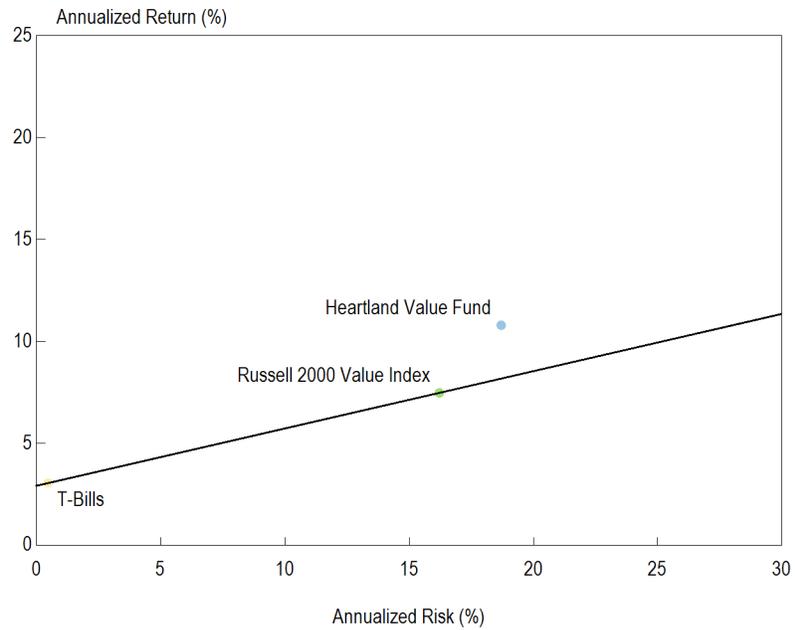
The Fund's longer-term performance remains favorable compared to the Russell 2000 Value Index, as the Fund has surpassed the Index's return during all periods shown above.

HEARTLAND VALUE

ANNUALIZED RISK RETURN 5 YEARS ENDING 6/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 6/30/08



FUND CHARACTERISTICS AS OF 3/31/08

	Heartland Value Fund	
Style Characteristics	Value	
Capitalization Focus	Micro to Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.98	
Composition	U.S. Stocks	84.4%
	Non-U.S. Stocks	12.7
	Cash	2.3
	Other	0.6
Number of Issues	188	
Turnover	55%	
Inception Date	December 1984	
Total Fund Assets	\$1.6 billion	
Fees	1.12%	

HISTORICAL RETURNS
 (BY YEAR)

	Heartland Value Fund	Russell 2000 Value Index	Return Difference
	Return	Return	
1998	-11.5%	-6.4%	-5.1
1999	25.0	-1.5	26.5
2000	2.0	22.8	-20.8
2001	29.5	14.0	15.5
2002	-11.5	-11.4	-0.1
2003	70.2	46.0	24.2
2004	9.1	22.3	-13.2
2005	2.0	4.7	-2.7
2006	28.0	23.5	4.5
2007	-5.5	-9.8	4.3
2008 (6 months)	-2.4	-9.8	7.4
Trailing 1-Year	-13.1%	-21.6%	8.5
Trailing 3-Year	8.5	1.4	7.1
Trailing 5-Year	11.9	10.0	1.9
Trailing 10-Year	10.8	7.5	3.3

*Relative to the Russell 2000 Value Index.

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**RETURN SUMMARY
ENDING 6/30/08**

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
EuroPacific Growth Fund	-2.3%	-10.0%	-3.9%	16.4%	19.0%
MSCI All Country World ex-U.S. Index	-1.1	-10.2	-6.6	15.7	18.9

Investment Approach

Capital Research and Management is the sub-advisor for the EuroPacific Growth Fund. Capital Research uses a multiple-counselor system in managing the portfolio's assets. The portfolio is divided into segments and the counselors manage their respective segments autonomously. The research analysts are responsible for making the investment decisions for one of the segments.

The Capital Research and Management Investment Committee is responsible for making sure the portfolio stays within its limits and adheres to its investment policies. The objective of the fund is to provide long-term growth of capital by investing in a diversified portfolio of international stocks while using a growth-at-a-reasonable price strategy.

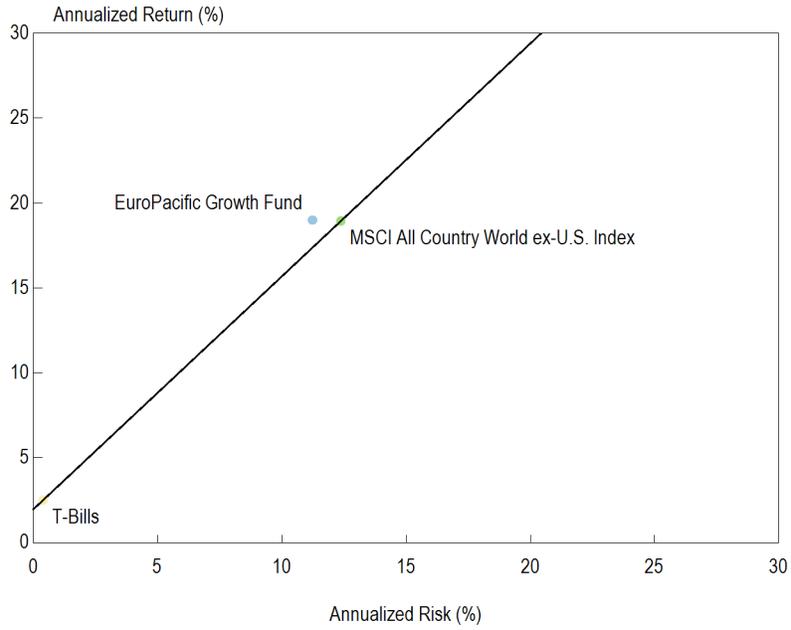
Performance Commentary

The EuroPacific Growth Fund declined 2.3%, trailing the benchmark by 1.2 percentage points during the second quarter. An underweight allocation compared to the Index and poor stock selection in the materials sector hindered the Fund's return. Also subtracting from performance was an overweight allocation and poor stock selection in the information technology and consumer discretionary sector. In contrast, an overweight allocation in cash and the healthcare sector aided performance. From a country perspective, favorable stock selection in Germany and Ireland contributed the most to performance. Meanwhile, adverse stock selection and an overweight allocation relative to the Index to India and France demonstrated to be unfavorable.

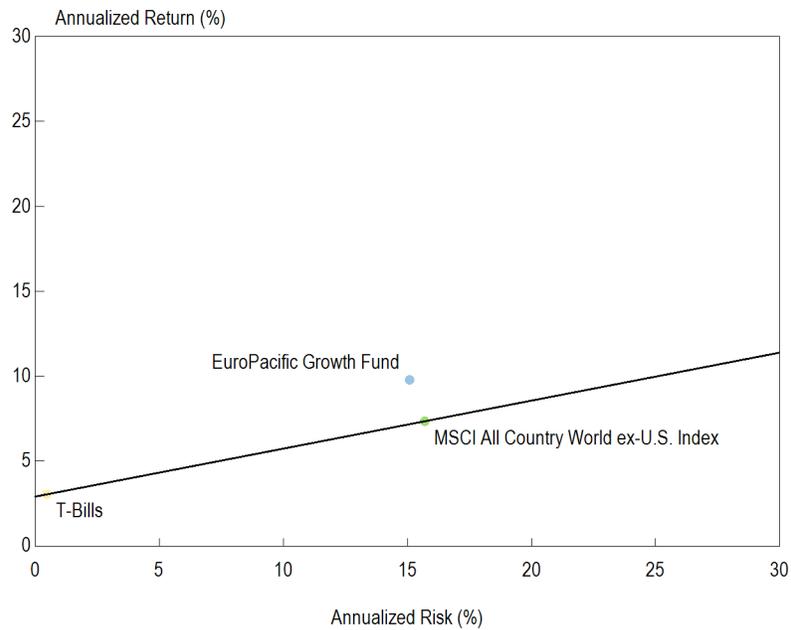
The Fund's longer-term results remain favorable, as the Fund's returns have exceeded those of the Index for all longer periods shown above.

EUROPACIFIC GROWTH

ANNUALIZED RISK RETURN 5 YEARS ENDING 6/30/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 6/30/08



EUROPACIFIC GROWTH

FUND CHARACTERISTICS AS OF 6/30/08

EuroPacific Growth Fund	
Geographic Breakdown	Asia & Pacific Basin 21.5%
	Europe ex-U.K. 55.7
	Other (Including Canada & Latin America) 13.8
	Cash 9.0
Composition	Non-U.S. Stocks 90.8%
	U.S. Stocks 0.1
	Non-U.S. Bonds 0.1
	Cash 9.0
Number of Issues*	297
Turnover*	38%
Inception Date	April 1984
Total Fund Assets	\$113.4 billion
Fees	0.53%

HISTORICAL RETURNS

(BY YEAR)

	EuroPacific Growth Fund	MSCI All Country World ex-U.S. Index	Return Difference
	Return	Return	
1998	15.5%	14.1%	1.4
1999	57.0	30.6	26.4
2000	-17.8	-15.3	-2.5
2001	-12.2	-19.7	7.5
2002	-13.4	-14.9	1.5
2003	33.2	40.8	-7.6
2004	20.0	20.9	-0.9
2005	21.4	16.6	4.8
2006	22.2	26.6	-4.4
2007	19.2	16.7	2.5
2008 (6 months)	-10.0	-10.2	0.2
Trailing 1-Year	-3.9%	-6.6%	2.7
Trailing 3-Year	16.4	15.7	0.7
Trailing 5-Year	19.0	18.9	0.1
Trailing 10-Year	9.8	7.3	2.5

*Data as of 3/31/08.

EUROPACIFIC GROWTH

COUNTRY ALLOCATION/RETURNS**

3 MONTHS ENDING 3/31/08

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.9 %	0.4 %	-9.9 %
Belgium	0.5	1.0	-3.1
Czech Republic*	--	0.2	-0.4
Denmark	2.1	0.8	0.0
Finland	1.3	1.4	-10.5
France	9.7	8.1	-8.4
Germany	9.6	6.8	-11.8
Greece	1.2	0.5	-15.8
Hungary*	0.3	0.1	-13.7
Ireland	1.1	0.5	-1.2
Italy	2.0	2.9	-11.7
Netherlands	2.4	2.1	-6.6
Norway	1.1	0.8	-10.5
Poland*	0.2	0.2	-3.9
Portugal	0.2	0.3	-13.2
Russia*	2.6	1.9	-11.5
Spain	3.5	3.3	-5.6
Sweden	1.7	1.8	-3.4
Switzerland	6.8	5.4	-2.1
United Kingdom	7.0	16.0	-10.5
Asia/Pacific			
Australia	1.7 %	4.7 %	-11.7 %
China*	1.0	2.7	-23.7
Hong Kong	1.1	1.6	-18.9
India*	2.9	1.4	-27.0
Indonesia*	0.5	0.3	-6.5
Japan	7.8	14.9	-7.8
Korea*	4.4	2.7	-13.1
Malaysia*	0.1	0.5	-9.3
New Zealand	--	0.1	-14.7
Pakistan*	0.1	0.0	11.2
Philippines*	0.3	0.1	-17.5
Singapore	1.0	0.9	-7.4
Sri Lanka*	--	--	-3.6
Taiwan, China*	3.7	2.3	5.3
Thailand*	0.1	0.3	3.3
Americas			
Argentina*	--	0.1 %	6.9 %
Brazil*	3.3 %	2.8	-5.0
Canada	2.1	6.5	-6.1
Chile*	--	0.3	9.7
Colombia*	--	0.1	-4.4
Mexico*	2.5	1.0	5.1
Peru*	--	0.1	5.3
United States	0.2	--	-9.5
Other			
Egypt*	0.2 %	0.2 %	7.9 %
Israel*	0.5	0.4	-4.8
Morocco*	--	0.1	33.8
Jordan*	--	0.0	-1.9
South Africa*	1.4	1.2	-15.0
Cash			
Cash	10.8 %	--	--
Other			
Turkey*	0.1 %	0.2 %	-38.4 %
Total	100.0 %	100.0 %	-9.1 %
Developed	65.0	80.7	
Emerging*	24.2	19.2	
Cash	10.8	--	

**Country allocations as of 6/30/08 not available at the time of the production of this report.

VANGUARD TOTAL INTERNATIONAL STOCK INDEX

RETURN SUMMARY ENDING 6/30/08

	Second Quarter	Year-To-Date	1 Year Ending 6/30/08	3 Years Ending 6/30/08	5 Years Ending 6/30/08
Vanguard Total International Stock Index Fund	-2.2%	-10.9%	-8.1%	14.9%	18.3%
MSCI All Country World ex-U.S. Index	-1.1	-10.2	-6.6	15.7	18.9

Investment Strategy

The Vanguard Total International Stock Index seeks long-term growth of capital by offering exposure to over 1500 companies in more than 30 countries. The Fund invests in three Vanguard Index Funds: Vanguard European Stock Index Fund, Vanguard Pacific Stock Index Fund and Vanguard Emerging Markets Stock Index Fund. Each of these index funds attempts to track the appropriate MSCI Index. The three funds are managed by the Vanguard Quantitative Equity Group. The major difference between the Fund and the Index is the Fund's lack of exposure to Canada.

Performance Commentary

The Vanguard Total International Stock Index lagged the MSCI All Country World ex-U.S. Index during the second quarter by 1.1 percentage points. The underperformance was mostly attributed to the Fund's lack of exposure to Canada. As of 6/30/08, Canada made up 7.4% of the MSCI All Country World ex-U.S. Index and had a strong performance during the second quarter. It should be noted that the Fund invests in three underlying Vanguard Index Funds, and therefore does not aim to explicitly track the MSCI All Country World ex-U.S. Index.

VANGUARD TOTAL INTERNATIONAL STOCK INDEX

FUND CHARACTERISTICS AS OF 6/30/08

	Vanguard Total International Stock Index Fund	
Country Allocations	Japan	16.1%
	Pacific ex-Japan	20.5
	U.K.	16.6
	Europe ex-U.K.	39.9
	Latin America	3.9
	U.S. & Canada	0.0
	Other	3.0
Composition	Non-U.S. Stocks	100.0%
	Cash	0.0
Number of Issues	3 mutual funds	
Turnover	N/A	
Inception Date	April 1996	
Total Fund Assets	\$27.1 billion	
Fees	0.27%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Total International Stock Index Fund	MSCI All Country World ex-U.S. Index	Return Difference
	Return	Return	
1998	15.6 %	14.1 %	1.5
1999	29.9	30.6	-0.7
2000	-15.6	-15.3	-0.3
2001	-20.2	-19.7	-0.5
2002	-15.1	-14.9	-0.2
2003	40.3	40.8	-0.5
2004	20.8	20.9	-0.1
2005	15.6	16.6	-1.0
2006	26.6	26.6	0.0
2007	15.5	16.7	-1.2
2008 (6 months)	-10.9	-10.2	-0.7
Trailing 1-Year	-8.1 %	-6.6 %	-1.5
Trailing 3-Year	14.9	15.7	-0.8
Trailing 5-Year	18.3	18.9	-0.6
Trailing 10-Year	6.9	7.3	-0.4

VANGUARD TOTAL INTERNATIONAL STOCK INDEX

COUNTRY ALLOCATION/RETURNS

3 MONTHS ENDING 6/30/08

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.5 %	0.5 %	5.1 %
Belgium	0.8	0.8	-19.5
Czech Republic*	0.2	0.2	11.9
Denmark	0.8	0.8	-1.0
Finland	1.2	1.1	-13.8
France	8.3	7.8	-3.9
Germany	7.0	6.6	-2.4
Greece	0.5	0.5	-13.0
Hungary*	0.2	0.2	3.4
Ireland	0.4	0.4	-17.7
Italy	2.9	2.8	-5.4
Netherlands	2.0	1.9	-8.8
Norway	0.9	0.8	13.5
Poland*	0.4	0.3	-8.4
Portugal	0.2	0.2	-14.1
Russia*	1.6	2.2	10.8
Spain	3.2	3.0	-8.5
Sweden	1.7	1.6	-10.2
Switzerland	5.5	5.2	-5.6
United Kingdom	16.1	15.9	-0.8
Asia/Pacific			
Australia	5.4 %	5.0 %	4.0 %
China*	3.0	2.8	-3.5
Hong Kong	1.7	1.6	-3.9
India*	1.2	1.1	-19.7
Indonesia*	0.4	0.3	-4.8
Japan	17.1	15.5	2.5
Korea*	2.5	2.5	-7.6
Malaysia*	0.5	0.4	-9.1
New Zealand	0.1	0.1	-14.4
Pakistan*	--	0.0	-26.6
Philippines*	--	0.1	-24.9
Singapore	1.0	0.9	-0.9
Taiwan, China*	2.2	2.1	-10.6
Thailand*	0.2	0.3	-11.9
Americas			
Argentina*	--	0.1 %	35.4 %
Brazil*	3.2 %	3.5	18.4
Canada	--	7.4	11.0
Chile*	0.2	0.2	-11.9
Colombia*	--	0.1	3.9
Mexico*	1.0	1.0	-4.5
Peru*	--	0.1	2.4
United States	0.8	--	-2.2
Other			
Egypt*	--	0.1 %	-10.3 %
Israel*	0.5 %	0.5	11.7
Morocco*	--	0.1	-2.6
Jordan*	--	0.0	17.4
Other Countries*	2.9	--	--
South Africa*	1.4	1.3	4.5
Turkey*	0.3	0.3	-1.6
Total	100.0 %	100.0 %	-1.1 %
Developed	78.2	80.2	
Emerging*	21.8	19.8	
Cash	--	--	

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RETURNS OF THE MAJOR CAPITAL MARKETS

	Second Quarter	Annualized Periods Ending 6/30/08				
		1-Year	3-Year	5-Year	10-Year	15-Year
Domestic Stock Indices:						
DJ Wilshire 5000 Index	-1.6%	-12.5%	5.0%	8.7%	3.6%	9.3%
S&P 500 Index	-2.7	-13.1	4.4	7.6	2.9	9.2
Russell 3000 Index	-1.7	-12.7	4.7	8.4	3.5	9.3
Russell 1000 Value Index	-5.3	-18.8	3.5	8.9	4.9	10.1
Russell 1000 Growth Index	1.2	-6.0	5.9	7.3	1.0	8.0
Russell MidCap Value Index	0.1	-17.1	5.0	13.0	8.4	11.8
Russell MidCap Growth Index	4.6	-6.4	8.2	12.3	5.6	9.7
Russell 2000 Value Index	-3.5	-21.6	1.4	10.0	7.5	10.9
Russell 2000 Growth Index	4.5	-10.8	6.1	10.4	2.8	6.3
Domestic Bond Indices:						
Lehman Brothers Aggregate Index	-1.0%	7.1%	4.1%	3.9%	5.7%	6.1%
Lehman Brothers Govt/Credit Index	-1.5	7.2	3.8	3.6	5.7	6.1
Lehman Brothers Long Govt/Credit Index	-1.5	6.8	2.2	4.0	6.3	7.1
Lehman Brothers 1-3 Year Govt/Credit Index	-0.6	6.7	4.6	3.4	4.9	5.1
Lehman Brothers U.S. MBS Index	-0.5	7.8	4.8	4.6	5.8	6.1
Lehman Brothers High Yield Index	1.8	-2.3	4.5	6.9	4.9	6.7
Lehman Brothers Universal Index	-0.8	6.2	4.1	4.2	5.8	6.2
Real Estate Indices:						
NCREIF Property Index	--	--	--	--	--	--
NCREIF ODCE Index	--	--	--	--	--	--
DJ Wilshire Real Estate Securities Index	-5.4	-15.4	4.8	14.9	11.0	11.5
FTSE NAREIT US Real Estate Index	-4.9	-13.6	5.0	14.3	10.6	11.5
Foreign/Global Stock Indices:						
MSCI All Country World Index	-1.6%	-9.3%	10.3%	13.1%	4.9%	8.1%
MSCI All Country World IMI	-1.4	-11.0	--	--	--	--
MSCI All Country World ex-U.S. Index	-1.1	-6.6	15.7	18.9	7.3	7.9
MSCI All Country World ex-U.S. IMI	-1.4	-7.5	15.5	19.1	7.7	--
MSCI All country World ex-U.S. Small Cap Index	-4.9	-15.9	13.5	20.7	9.8	--
MSCI EAFE Index	-2.3	-10.6	12.8	16.7	5.8	7.2
MSCI EAFE IMI	-2.4	-11.2	12.7	16.9	6.3	--
MSCI EAFE Index (in local currency)	-0.9	-20.3	6.7	11.2	2.6	5.7
MSCI Emerging Markets IMI	-0.9	--	--	--	--	--
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	-4.7%	18.7%	6.7%	7.1%	6.7%	6.6%
Citigroup Hedged World Gov't Bond Index	-2.4	4.6	3.0	3.5	5.1	6.7
Cash Equivalents:						
Treasury Bills (30-Day)	0.3%	2.6%	3.3%	2.5%	3.0%	3.5%
EnnisKnupp STIF Index	0.7	4.4	4.6	3.4	3.9	4.3
Inflation Index:						
Consumer Price Index	2.5%	5.0%	4.0%	3.6%	3.0%	2.8%

APPENDIX II

Benchmark Descriptions

iMoney Net Money Fund Average - An index made up of the entire universe of taxable money market mutual funds. The index currently represents 1,228 funds, or approximately 99 percent of all money fund assets.

Custom Benchmark (Personal Strategy Balanced) - A mix of 51% DJ Wilshire 5000 Stock Index, 30% Lehman Brothers Aggregate Bond Index, 10% 90-Day Treasury Bills, and 9% MSCI EAFE Index.

Custom Benchmark (Personal Strategy Growth) - A mix of 65% DJ Wilshire 5000 Stock Index, 20% Lehman Brothers Aggregate Bond Index and 12% MSCI EAFE Index.

Custom Benchmark (Personal Strategy Income) - A mix of 34% DJ Wilshire 5000 Stock Index, 40% Lehman Brothers Aggregate Bond Index, 20% 90-Day Treasury Bills, and 6% MSCI EAFE Index.

Performance Benchmark (Vanguard Total Stock Market Index) - DJ Wilshire 5000 until 4/30/2005, the MSCI U.S. Broad Market Index going forward.

Performance Benchmark (Vanguard Small Cap Index) - Russell 2000 Index until 6/30/2003, the MSCI U.S. 1750 Small Cap Index going forward.

EnnisKnupp GIC Index - This benchmark index is an average of the 2-, 3-, 4- and 5-year GICs as surveyed by T.Rowe Price.

Lehman Brothers Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$150 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

Lehman Brothers Corporate Bond Index - A market value-weighted index consisting of government bonds and SEC-registered corporate bonds with at least one year to maturity and an outstanding par value of \$150 million or greater.

MSCI All Country World Ex-U.S. Free Index - A capitalization-weighted index of stocks representing 48 developed and emerging country stock markets, excluding the U.S. market.

MSCI U.S. 1750 Small Cap Index - An index representing the universe of small capitalization companies in the U.S. equity market. This index targets for inclusion 1,750 companies and represents approximately 12% of the capitalization of the U.S. equity market.

Performance Benchmark (J.P. Morgan Capital Growth) - Currently the Russell Mid Cap Growth Index. Prior to January 1, 2002, the benchmark was the S&P 400 Midcap Index effective June 30, 1999, and the Russell 2500 Index prior to that.

60/40 Benchmark - A mix of 60% DJ Wilshire 5000 Stock Index and 40% Lehman Brothers Aggregate Bond Index.

Benchmark Descriptions

S&P Midcap 400 Stock Index - A capitalization-weighted index representing stocks chosen by Standard & Poor's, Inc. for their size, liquidity, stability and industry group representation. None of the stocks included overlap with those in the S&P 500 or the S&P SmallCap 600. Some stocks included in the Index are larger than those in the S&P 500 and some are smaller than those in the S&P Small Cap 600.

S&P 500 Stock Index - A capitalization-weighted index representing stocks chosen by Standard & Poor's, Inc. for their size, liquidity, stability and industry group representation. The companies in the S&P 500 Index are generally among the largest in their industries. Currently the Index comprises industrial, utility, financial and transportation stocks.

Russell 1000 Index - A capitalization-weighted index of the 1,000 largest publicly traded U.S. stocks by capitalization.

Russell 1000 Value Index - An Index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

Russell 1000 Growth Index - An Index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher I/B/E/S growth forecasts.

Russell 2500 Index - A capitalization-weighted, small-cap stock index representing the performance of 2,500 domestic stocks. This Index represents approximately 22% of the domestic market. Its median market capitalization is approximately \$786 million.

Russell 2000 Stock Index - A capitalization-weighted index of the smallest 2,000 stocks in the Russell 3000 Index. The Index excludes the largest- and smallest-capitalization issues in the domestic stock market.

Russell 2000 Value Stock Index - A capitalization-weighted index representing those companies within the Russell 2000 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.

Russell 2000 Growth Stock Index - A capitalization-weighted index representing those companies within the Russell 2000 Index with higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.

DJ Wilshire 5000 Stock Index - A capitalization-weighted stock index representing all domestic common stocks traded regularly on the organized exchanges. The Index is the broadest measure of the aggregate domestic stock market.

APPENDIX II

Rank Descriptions

U.S. Equity Ranks* - A broad Morningstar universe of 2,387 U.S. stock mutual funds.

Fixed Income Ranks* - A broad Morningstar universe of 703 fixed income mutual funds.

Non-U.S. Equity Ranks* - A non-U.S. equity universe calculated by Mellon Analytical Solutions. The universe includes 78 non-U.S. stock managers with an aggregate market value of \$306.8 billion.

*Data as of 3/31/08.

PERFORMANCE REPORT

Independent
advice for the
institutional
investor

**Milwaukee County
Deferred
Compensation Plan**

First Quarter 2008

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All rates of return presented in this report for time periods greater than one year are annualized. Mutual fund rates of return are provided by Morningstar. Rates of return for the North Shore Savings Fund and the Stable Value Fund are provided by the investment manager. All rates of return contained in this report are net of investment management fees. Percentages in some exhibits may not add to 100% because of rounding.

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INVESTMENT HIGHLIGHTS

RETURN SUMMARY ENDING 3/31/08

	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
North Shore Savings Fund	0.5%	--	3.2%	--	3.4%	--	2.6%	--
iMoney Net Money Fund Average	0.8	--	4.3	--	3.6	--	2.4	--
Stable Value Fund	1.2	--	4.9	--	4.7	--	4.5	--
EnnisKnupp GIC Index	1.2	--	4.7	--	4.2	--	4.1	--
PIMCO Total Return Fund Instl	3.3	9	10.8	9	6.4	14	5.4	33
LB Aggregate Bond Index	2.2	28	7.7	31	5.5	32	4.6	59

RETURN SUMMARY ENDING 3/31/08

	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
TRP PS Income	-3.6%	49	1.6%	38	6.5%	16	9.3%	10
Custom Benchmark	-2.8	31	1.9	35	6.0	23	7.9	32
TRP PS Balanced	-6.1	54	-0.6	40	7.0	19	11.4	14
Custom Benchmark	-5.0	31	-0.4	37	6.7	22	10.1	30
TRP PS Growth	-8.6	60	-3.2	45	7.3	23	13.2	20
Custom Benchmark	-7.1	33	-2.7	41	7.1	25	12.0	33

Benchmark descriptions can be found in the Appendix.

INVESTMENT HIGHLIGHTS

RETURN SUMMARY ENDING 3/31/08

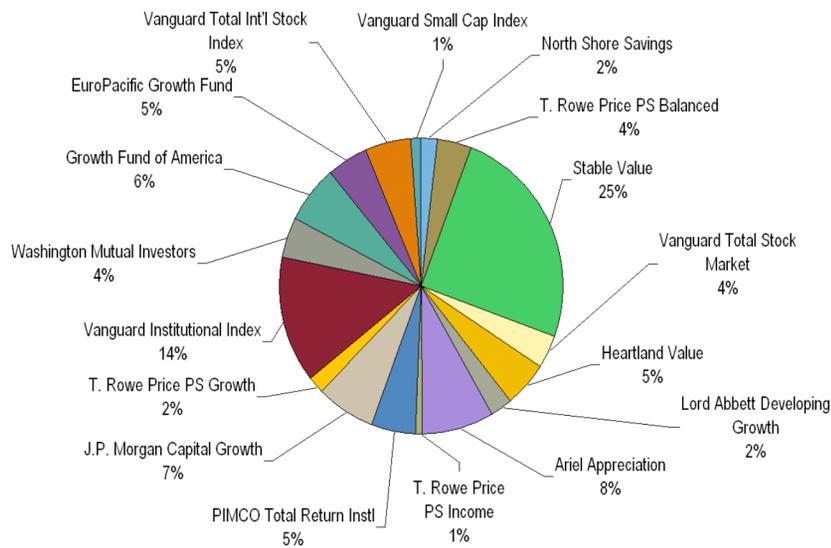
	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Washington Mutual Investors Fund	-8.0%	21	-5.2%	45	5.9%	50	11.2%	67
Russell 1000 Value Index	-8.7	28	-10.0	75	6.0	48	13.7	38
Vanguard Institutional Index Fund	-9.4	38	-5.1	44	5.8	50	11.3	65
S&P 500 Index	-9.4	38	-5.1	43	5.9	50	11.3	65
Growth Fund of America	-7.8	20	1.1	15	10.0	12	14.9	25
Russell 1000 Growth Index	-10.2	53	-0.8	23	6.3	43	10.0	83
Vanguard Total Stock Market Index Fund	-9.4	38	-5.7	51	6.3	43	12.4	52
Performance Benchmark	-9.5	40	-5.7	51	6.3	42	12.4	51
J.P. Morgan Capital Growth Fund	-14.1	89	-2.6	31	7.1	33	14.6	28
Performance Benchmark	-10.9	62	-4.6	40	7.8	25	15.2	23
Ariel Appreciation Fund	-9.2	34	-12.2	84	1.6	93	10.2	80
Russell 2500 Index	-9.4	37	-11.3	81	6.0	48	15.7	19
Vanguard Small Cap Index Fund	-9.1	32	-11.1	81	5.9	48	15.9	17
Small-Cap Index	-9.2	34	-11.3	81	5.9	49	16.2	16
Lord Abbett Developing Growth Fund	-21.8	99	1.5	14	12.4	5	15.4	21
Russell 2000 Growth Index	-12.8	81	-8.9	68	5.7	53	14.2	32
Heartland Value Fund	-9.7	45	-15.3	92	5.5	57	17.1	12
Russell 2000 Value Index	-6.5	11	-16.9	94	4.3	75	15.4	21

RETURN SUMMARY ENDING 3/31/08

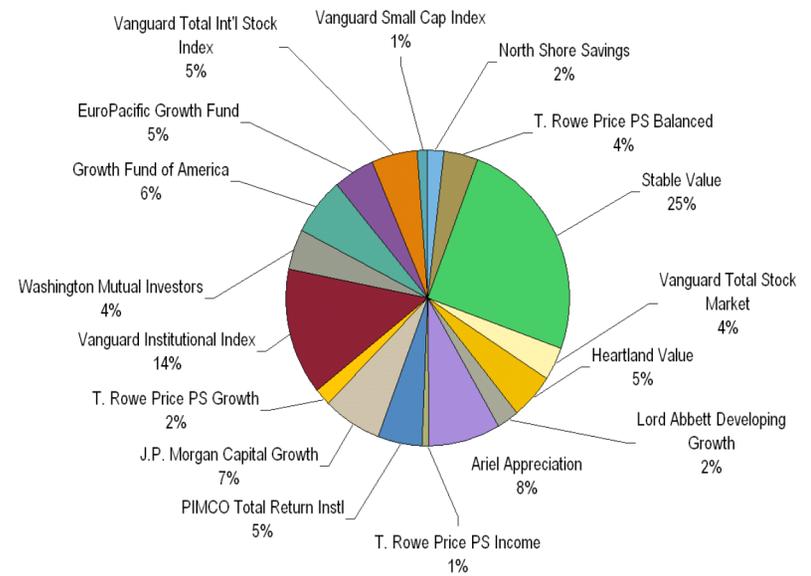
	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
EuroPacific Growth Fund	-7.9%	23	6.6%	9	17.6%	16	23.6%	21
MSCI All Country World ex-U.S. Index	-9.1	46	2.2	24	16.0	29	23.5	21
Vanguard Total International Stock Index Fund	-8.9	42	1.3	26	15.5	32	23.2	24
MSCI All Country World ex-U.S. Index	-9.1	46	2.2	24	16.0	29	23.5	21

Benchmark descriptions can be found in the Appendix.

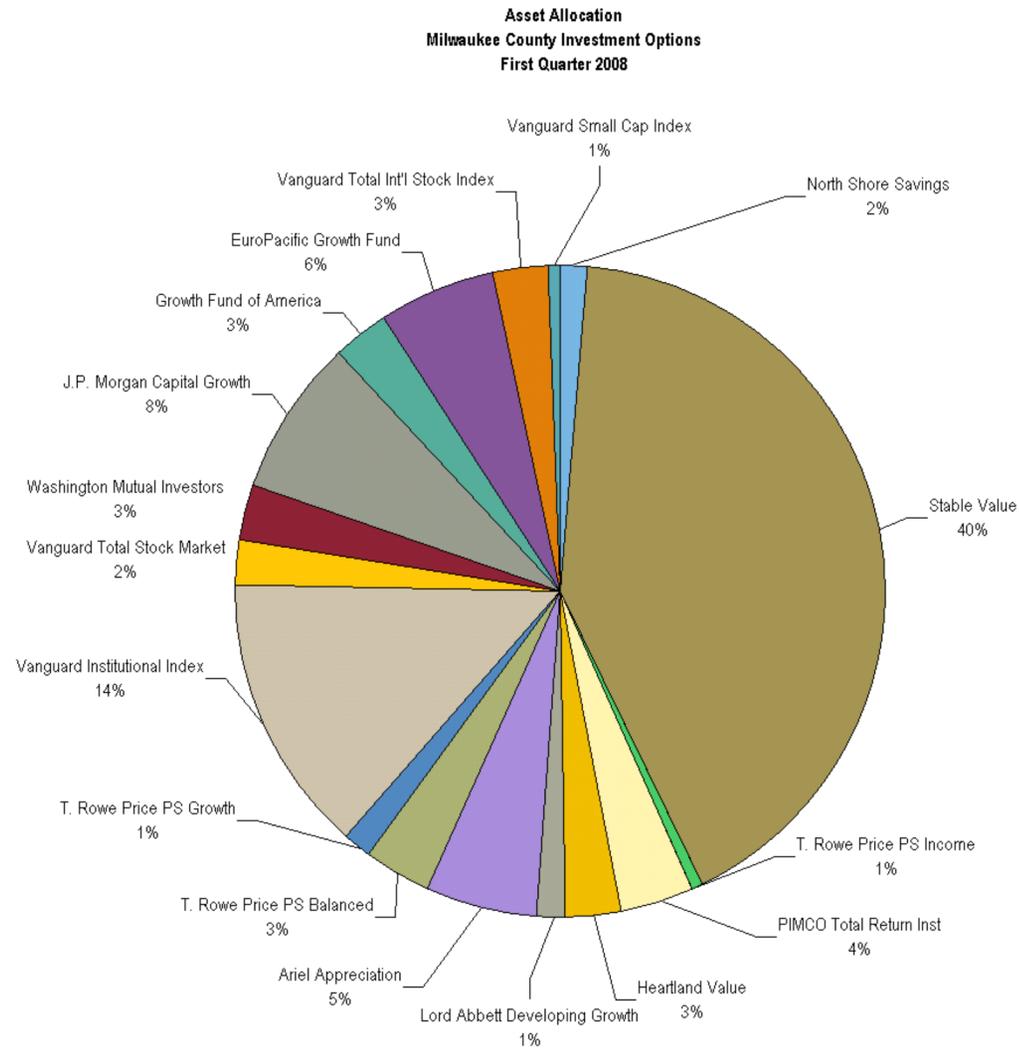
**Contributions by Investment Option
First Quarter 2008**



**Contributions by Investment Option
YTD 2008**

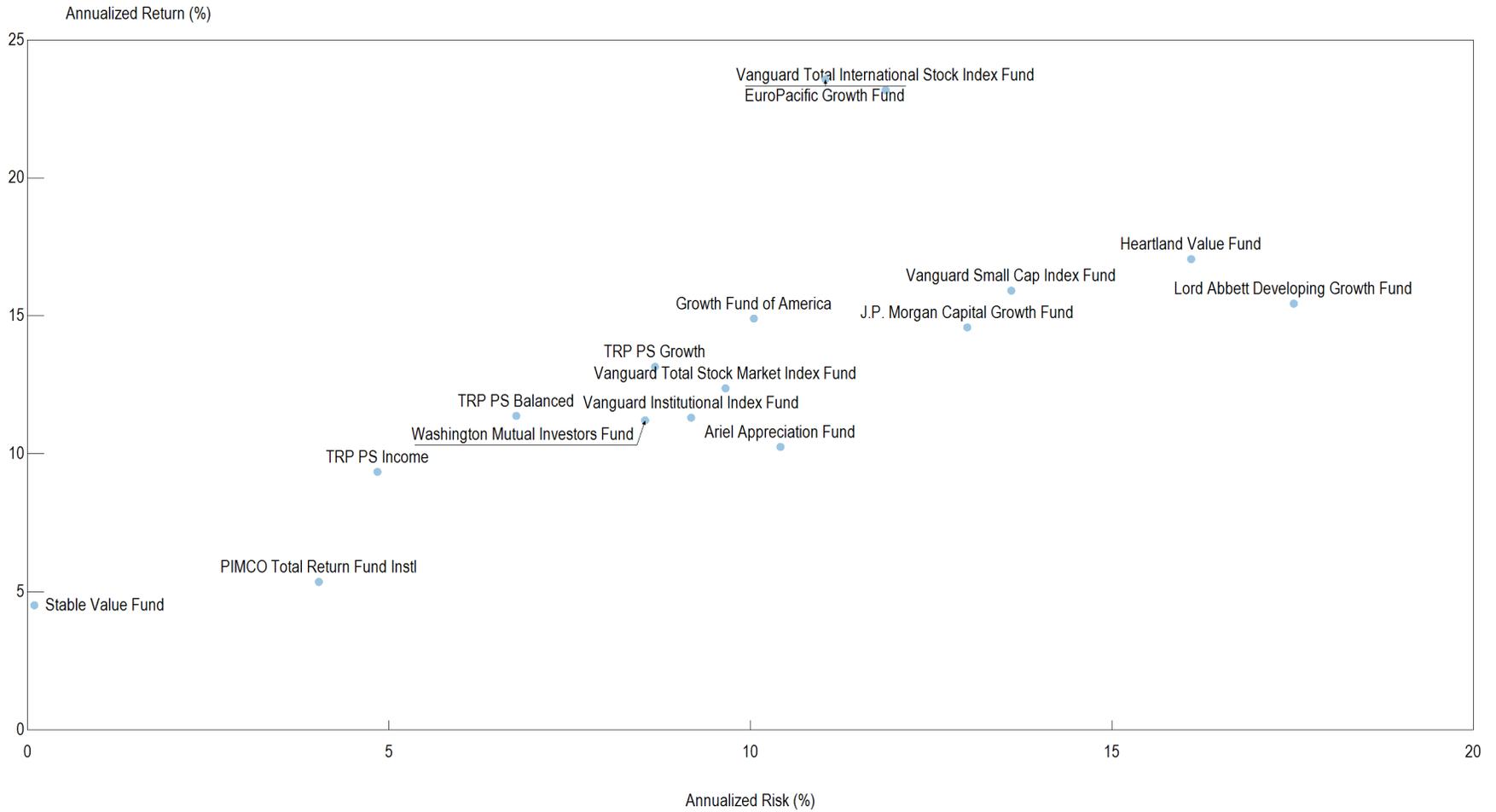


INVESTMENT HIGHLIGHTS



Ennis Knupp + Associates

**ANNUALIZED RISK RETURN
5 YEARS ENDING 3/31/08**



INVESTMENT HIGHLIGHTS

Change in Market Value

Investment Fund	December 31, 2007	Net Contributions/ Withdrawals	Net Income/ Appreciation*	March 31, 2008
North Shore Savings	\$ 3,084,406	\$ 124,514	\$ 21,270	\$ 3,230,190
Stable Value	85,488,648	2,131,724	1,035,043	88,655,415
T. Rowe Price PS Income	1,292,766	58,240	(46,978)	1,304,028
PIMCO Total Return Inst	7,154,761	314,211	235,974	7,704,946
Heartland Value	6,838,018	(454,819)	(663,064)	5,720,134
Lord Abbett Developing Growth	3,457,449	285,898	(790,448)	2,952,900
Ariel Appreciation	13,047,598	(83,730)	(1,218,381)	11,745,487
T. Rowe Price PS Balanced	7,629,522	(76,523)	(464,962)	7,088,037
T. Rowe Price PS Growth	3,358,787	(47,463)	(288,818)	3,022,507
Vanguard Institutional Index	34,506,336	(1,248,054)	(3,231,458)	30,026,824
Vanguard Total Stock Market	5,358,439	90,065	(514,305)	4,934,200
Washington Mutual Investors	6,432,249	27,651	(516,619)	5,943,281
J.P. Morgan Capital Growth	19,779,408	(306,144)	(2,789,250)	16,684,014
Growth Fund of America	6,183,368	247,719	(487,920)	5,943,167
EuroPacific Growth Fund	13,545,626	(72,125)	(1,085,680)	12,387,820
Vanguard Total Intl Stock Index	6,727,641	(290,583)	(599,254)	5,837,804
Vanguard Small Cap Index	1,787,912	(341,375)	(158,450)	1,288,087
Total	\$ 225,672,933	\$ 359,207	\$ (11,563,300)	\$ 214,468,840

Fees

Fund Name	Plan Balance (\$ thousands)	Expense Ratio	Revenue Sharing Fees	\$ Fee on Expense Ratio	Dollar Revenue Sharing
North Shore Savings	\$ 3,230	0.00%	0.00%	\$ -	\$ -
Stable Value	88,655	0.40%	0.00%	354,622	-
PIMCO Total Return Inst	7,705	0.43%	0.25%	33,131	19,262
TRP PS Income	1,304	0.74%	0.15%	9,650	1,956
TRP PS Balanced	7,088	0.79%	0.15%	55,995	10,632
TRP PS Growth	3,023	0.85%	0.15%	25,691	4,534
Washington Mutual	5,943	0.60%	0.33%	35,660	19,613
Heartland	5,720	1.12%	0.35%	64,066	20,020
Lord Abbett	2,953	1.19%	0.40%	35,140	11,812
Vanguard Total Intl Stock	5,838	0.27%	0.00%	15,762	-
Vanguard Institutional	30,027	0.05%	0.00%	15,013	-
Vanguard Total Stock Market	4,934	0.06%	0.00%	2,961	-
JP Morgan Capital Growth	16,684	1.14%	0.50%	190,198	83,420
Ariel Appreciation	11,745	1.12%	0.45%	131,549	52,855
Growth Fund of America (R5)	5,943	0.35%	0.05%	20,801	2,972
Vanguard Small Cap Index	1,288	0.13%	0.00%	1,675	-
EuroPacific Growth Fund (R5)	12,388	0.53%	0.05%	65,655	6,194
Total	\$ 214,469	0.49%		\$ 1,057,568	\$ 233,269
Total as a Percent				0.49%	0.11%

Investment Management Fee Net of Revenue Sharing	(\$ Fee on Expense Ratio - Dollar Revenue Sharing)	\$ 824,299
<i>Net Investment Management Fee as a Percent of Plan Assets</i>		0.38%

Great West Revenue Sharing Cap**	\$ 125,000 *
<i>Capped Revenue Sharing as a Percent of Plan Assets</i>	0.06%
Revenue Sharing Returned to the County	\$ 108,269
<i>Returned Revenue Sharing as a Percent of Plan Assets</i>	0.05%

*Effective April 2007, the committee approved a fee holiday on the \$20 flat fee and the asset based fee of 0.24% charged to participants. All information in the above table is as reported by Great West.

** Exclusive of 20 bps revenue Great West receives for the Stable Value Fund.

MARKET ENVIRONMENT
First Quarter 2008

MARKET ENVIRONMENT

OVERVIEW

MAJOR MARKET RETURNS

	First Quarter	1 Year Ending 3/31/08	3 Years Ending 3/31/08	5 Years Ending 3/31/08	10 Years Ending 3/31/08
Dow Jones Wilshire 5000 Index	-9.5%	-5.8%	6.4%	12.5%	4.0%
MSCI All-Country World Ex-US Free	-9.1	2.2	16.0	23.5	7.3
MSCI EAFE Free	-8.9	-2.7	13.3	21.4	6.2
MSCI Emerging Markets	-11.0	21.3	29.2	35.5	12.2
MSCI All Country World Index	-9.3	-1.2	11.1	17.2	5.1
Lehman Brothers Aggregate Bond Index	2.2	7.7	5.5	4.6	6.0

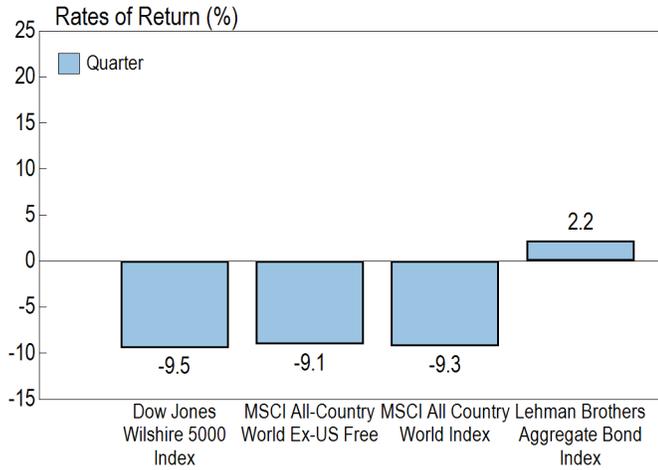
The broad U.S. equity market continued to struggle through volatile times to post a significant loss for the first quarter of 2008. Recessionary fears have surfaced among investors and the market as housing prices, manufacturing output, and discretionary spending declined during the quarter. At the same time, an unprecedented increase in the price of commodities, including oil, agricultural products, and precious metals added stress to the economy. In response to economic woes, the Federal Reserve implemented three reductions in the Federal Funds rate, totaling 200 basis points over the quarter. This aggressive move by the Fed is viewed as an attempt to avert significant deterioration of the financial system and the economy, especially in light of rising unemployment and weakened consumer outlook.

The Dow Jones Wilshire 5000 Index declined 9.5% during the first quarter. Equity market sectors were weak across the board. Transportation was the only sector to post a gain (+3.4%) for the quarter, despite a surge in commodity prices as the dollar weakened. Technology was the worst-performing sector during the quarter, declining 14.0%. Large cap and small cap stocks posted losses for the quarter; however, large cap stocks marginally outperformed their small cap counterparts. Value stocks outperformed growth stocks during the first three months of the year.

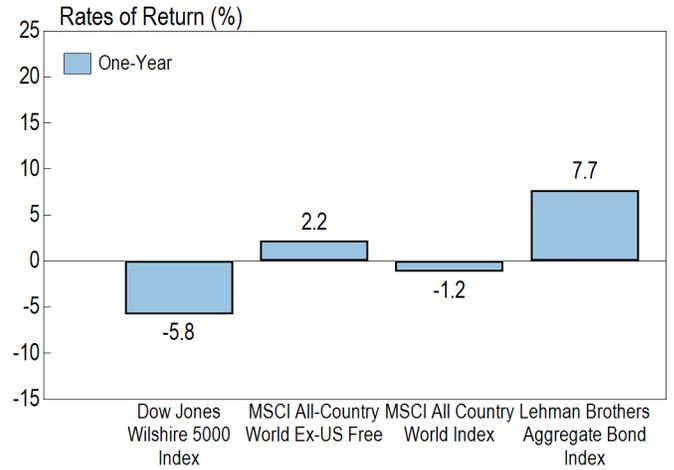
Responding to a loss of confidence in the financial sector, non-U.S. stocks fell in the first quarter as the MSCI All Country World ex-U.S. Index declined 9.1%. Emerging markets struggled during the quarter on fears of a global economic slowdown, as the MSCI Emerging Markets Index declined 11.0%. Within the MSCI All Country World ex-U.S. Index, the Latin America region was the top performer, while the South Africa and Asian regions were the worst performers.

Domestic fixed income markets, as measured by the Lehman Brothers Aggregate Bond Index, posted relatively strong performance for the quarter, boasting a return of 2.2%. The Treasury curve steepened during the quarter reflecting an ongoing flight to quality into the short-end of the curve in light of an aggressive Fed. Credit spreads widened during the quarter as liquidity and credit risk increased, leading investors to shun risky assets in favor of Treasuries. Economic woes and interbank liquidity problems led to an increase in risk premiums, causing the Fed to respond with three reductions in the Federal Funds Rate over the quarter; two reductions in January, on the 22nd (75 bps) and the 30th (50 bps), and one reduction on March 18th (75 bps). In further attempts to inject liquidity into the banking system and stimulate lending, the Fed opened broker-dealer access to the discount window and implemented various Fed liquidity facilities, such as the term auction facility (TAF).

**MAJOR MARKET RETURNS
FIRST QUARTER**

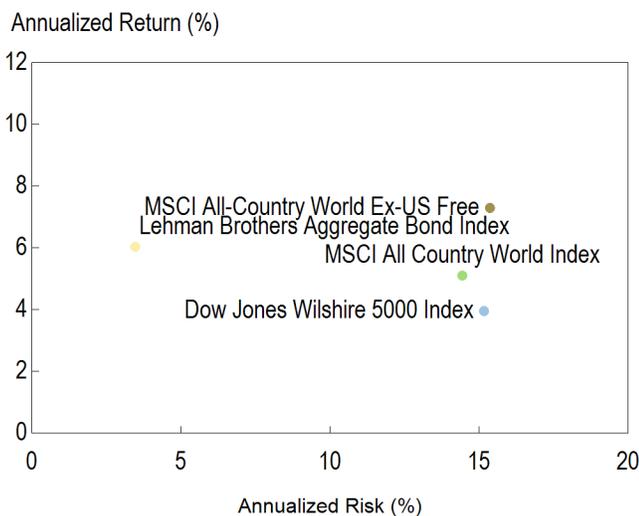


**MAJOR MARKET RETURNS
ONE-YEAR ENDING 3/31/08**

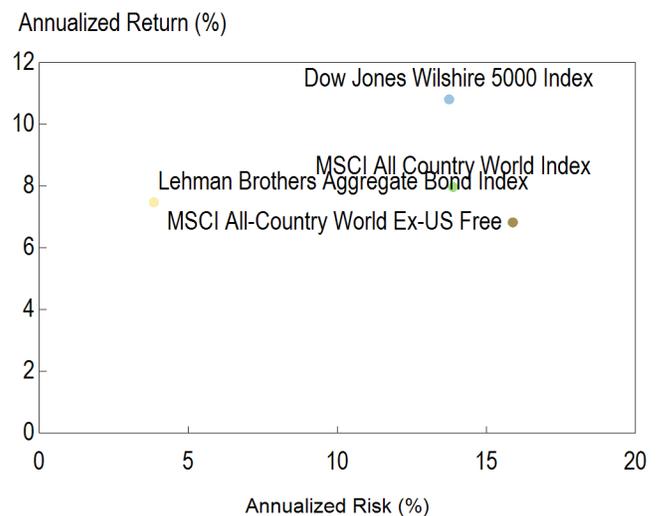


The exhibits above show the performance of the major capital markets during the first quarter and one-year period.

**MARKET RISK/RETURN
10 YEARS ENDING 3/31/08**



**MARKET RISK/RETURN
20 YEARS ENDING 3/31/08**

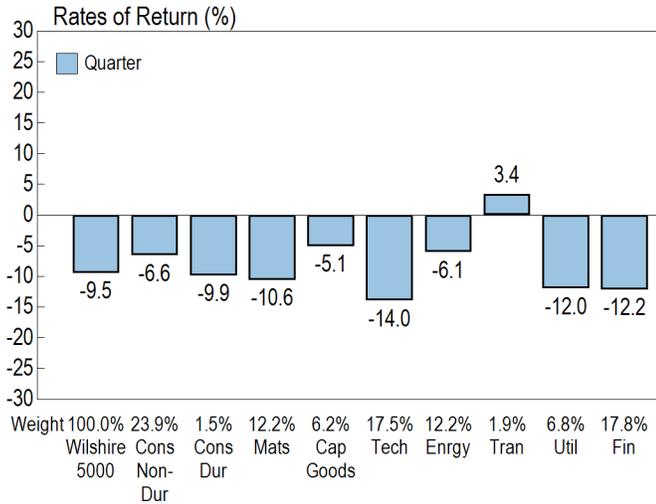


The exhibits above show the historical performance of the major capital markets and the amount of risk (volatility of returns) incurred. Points near the top of the chart represent a greater return and points near the right of the chart indicate greater volatility.

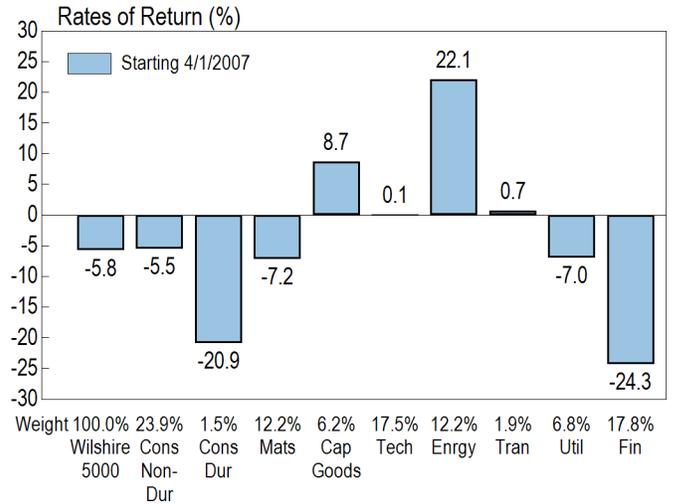
MARKET ENVIRONMENT

U.S. STOCK MARKET

**SECTOR RETURNS
FIRST QUARTER**



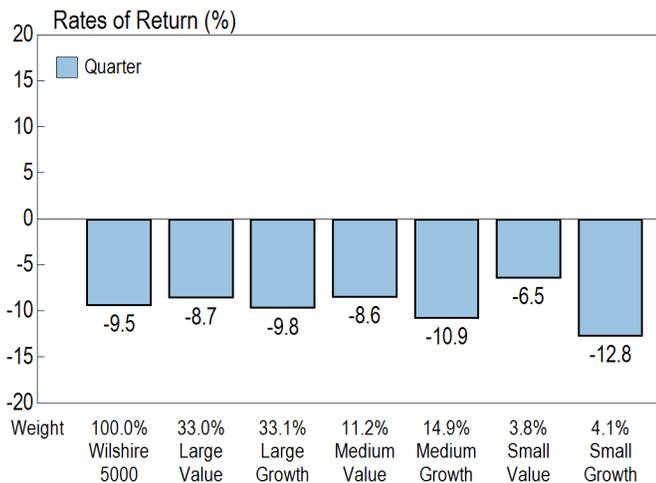
**SECTOR RETURNS
ONE-YEAR ENDING 3/31/08**



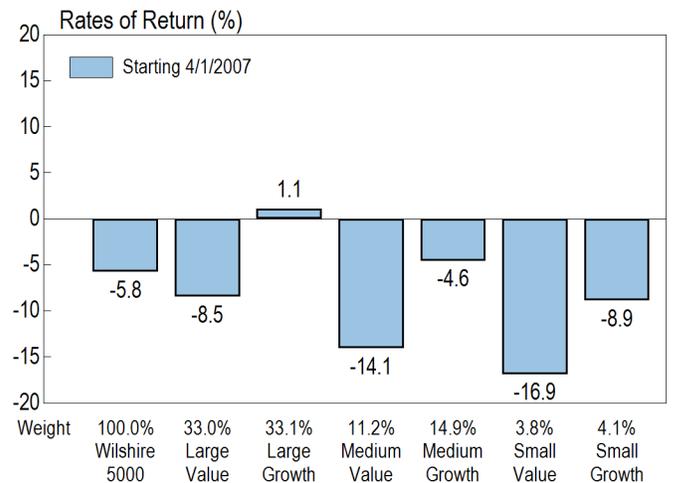
The Dow Jones Wilshire 5000 Index is the broadest available measure of the aggregate domestic stock market. It includes all domestic common stocks with readily available price information.

The exhibits above show the performance of the sectors that comprise the Dow Jones Wilshire 5000 Index. The percentage below each bar indicates the sector's weight within the Dow Jones Wilshire 5000 Index at quarter-end.

**STYLE RETURNS
FIRST QUARTER**

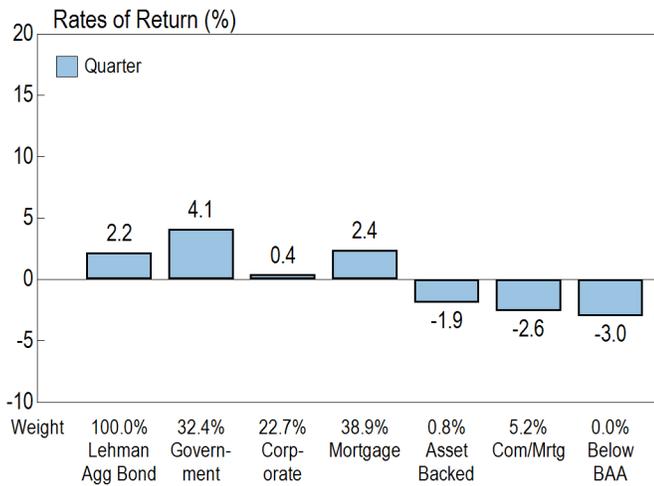


**STYLE RETURNS
ONE-YEAR ENDING 3/31/08**

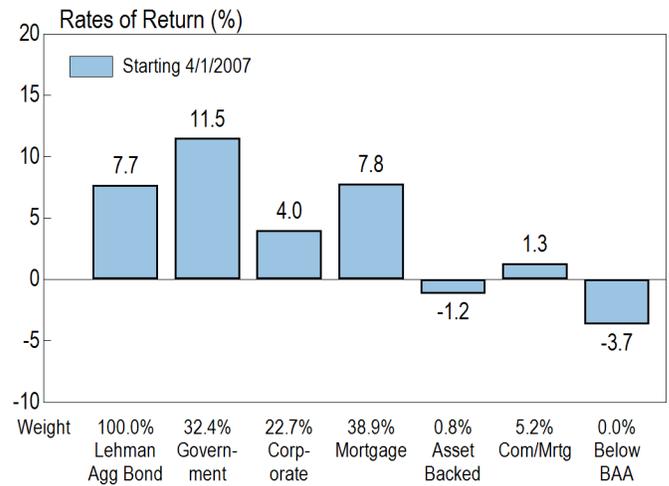


The exhibits above illustrate the performance of stock investment styles according to capitalization (large and small) and style characteristics (value and growth). The percentage below each bar indicates the segment's weight within the Dow Jones Wilshire 5000 Index at quarter-end.

**SECTOR RETURNS
FIRST QUARTER**



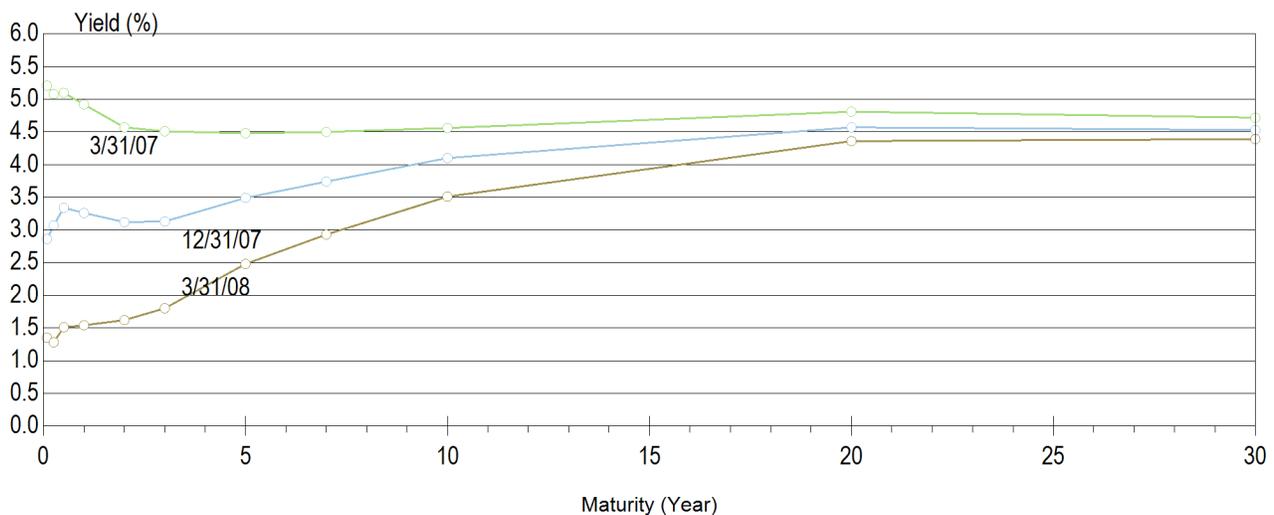
**SECTOR RETURNS
ONE-YEAR ENDING 3/31/08**



The Lehman Brothers Aggregate Bond Index is a broad measure of the U.S. investment grade fixed income market. The Index consists of the corporate, government, and mortgage-backed indexes and includes credit card, auto, and home equity loan-backed securities.

The exhibits above show the performance of the sectors that comprise the broad domestic bond market. The percentage below each bar indicates the sector's weight within the Lehman Brothers Aggregate Bond Index at quarter-end.

U.S. TREASURY CURVE

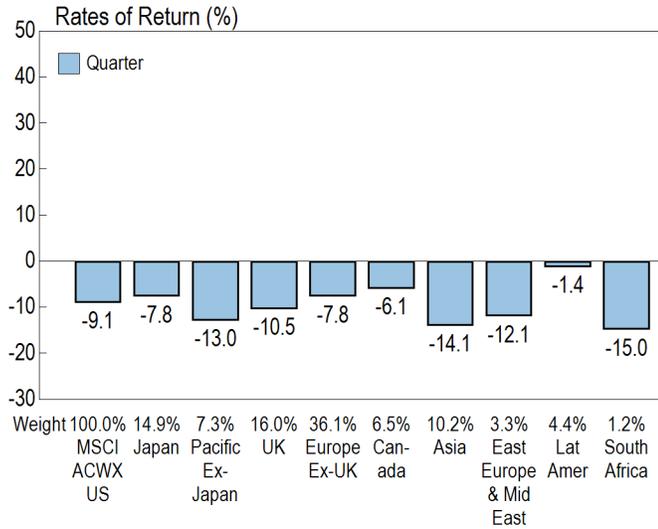


The exhibit above illustrates yields of Treasury securities of various maturities as of March 31, 2007, December 31, 2007, and March 31, 2008.

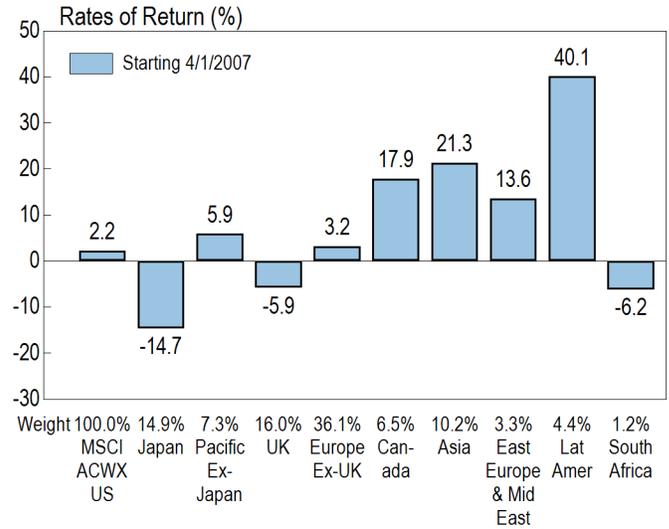
MARKET ENVIRONMENT

NON-U.S. STOCK MARKETS

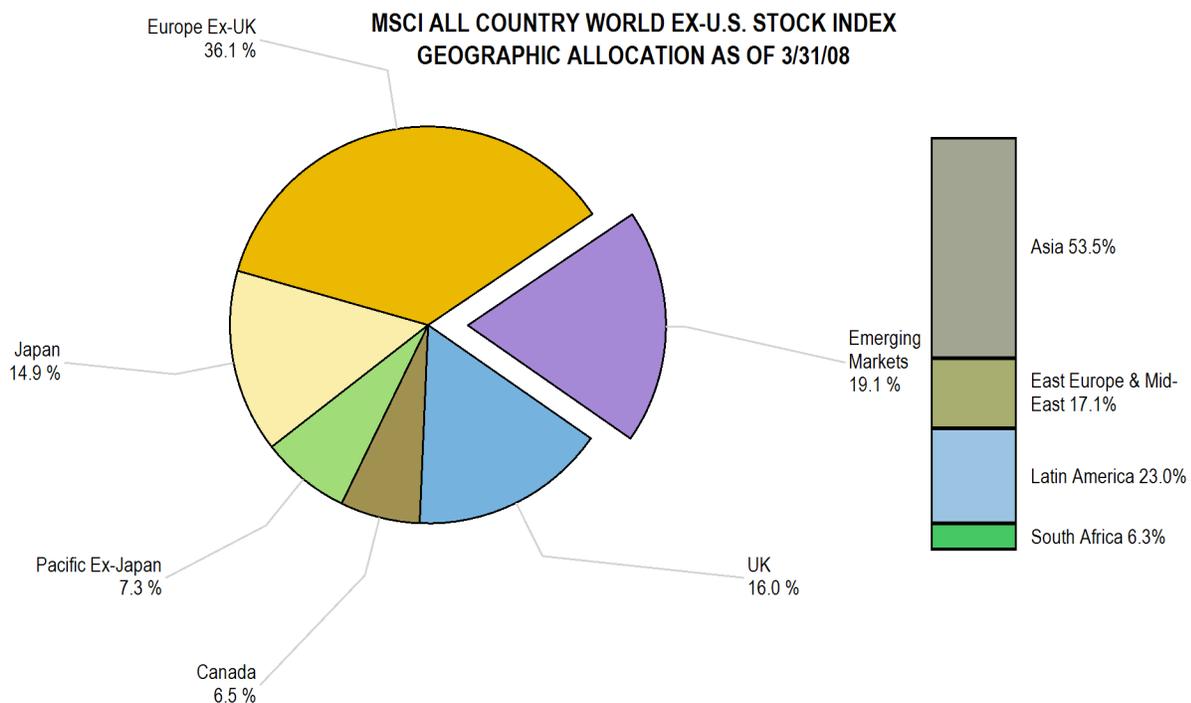
**NON-U.S. STOCK MARKET RETURNS
FIRST QUARTER**



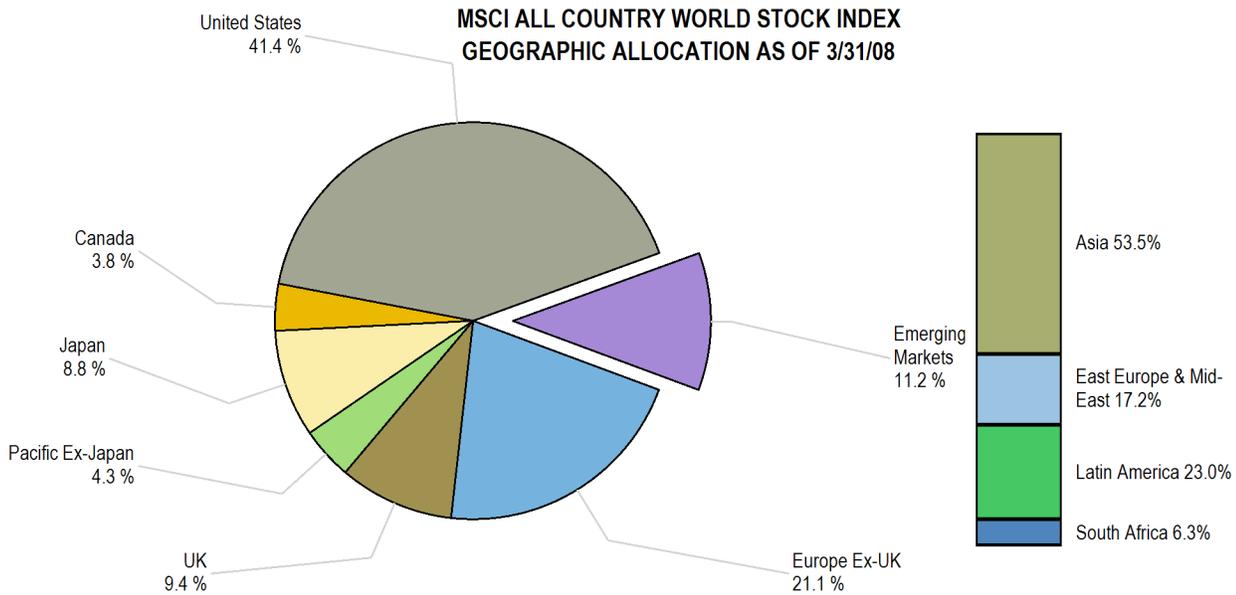
**NON-U.S. STOCK MARKET RETURNS
ONE-YEAR ENDING 3/31/08**



The MSCI All Country World ex-U.S. Index is a capitalization-weighted index of stocks representing 22 developed stock markets and 25 emerging stock markets around the world. The exhibits above show the performance of the regions that comprise the MSCI All Country World ex-U.S. Index at quarter-end.

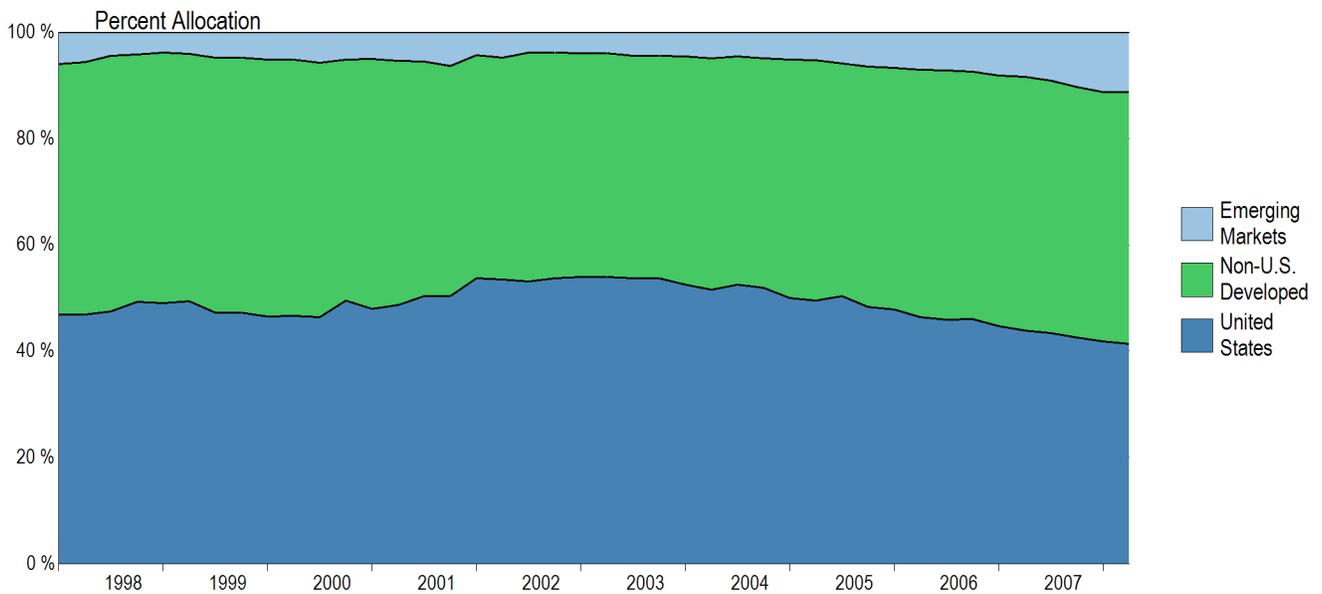


The exhibit above illustrates the percent each region represents of the non-U.S. stock market as measured by the MSCI All Country World ex-U.S. Index.



The MSCI All Country World Index is a capitalization-weighted index of stocks representing 23 developed stock markets and 25 emerging stock markets around the world. The graph above shows the allocation to each region at quarter-end.

ALLOCATION



The graph above shows the changes in the breakdown between the United States, non-U.S. developed markets, and emerging markets in the MSCI All Country World Index over time.

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**RETURN SUMMARY
ENDING 3/31/08**

	First Quarter	1 Year Ending 3/31/08	3 Years Ending 3/31/08	5 Years Ending 3/31/08
North Shore Savings Fund	0.5%	3.2%	3.4%	2.6%
iMoney Net Money Fund Average	0.8	4.3	3.6	2.4

Investment Strategy

The objective of the North Shore Savings Fund is to preserve capital and provide current income, while maintaining a high level of liquidity. The Fund is FDIC insured.

Performance Commentary

The Fund's short-term instruments continued to provide stability for investors.

The Fund trailed the return of the iMoneyNet Money Fund Average during the first quarter, and trailing one and three-year periods, but outperformed the return of the Average over the trailing five period. The Fund has met its investment objective of providing participants with a high level of liquidity and capital preservation.

HISTORICAL RETURNS

(BY YEAR)

	North Shore Savings Fund	iMoney Net Money Fund Average	Return Difference
	Return	Return	
1996	5.3%	4.9%	0.4
1997	5.4	5.1	0.3
1998	5.2	5.0	0.2
1999	4.8	4.6	0.2
2000	5.3	5.9	-0.6
2001	4.3	3.7	0.6
2002	1.6	2.1	-0.5
2003	1.4	0.9	0.5
2004	1.3	0.6	0.7
2005	2.8	1.7	1.1
2006	3.7	3.8	-0.1
2007	3.7	4.7	-1.0
2008 (3 months)	0.5	0.8	-0.3
Trailing 1-Year	3.2%	4.3%	-1.1
Trailing 3-Year	3.4	3.6	-0.2
Trailing 5-Year	2.6	2.4	0.2
Trailing 10-Year	3.3	3.2	0.1
Since Inception (10/31/94)	3.8	3.7	0.1

STABLE VALUE

RETURN SUMMARY ENDING 3/31/08

	First Quarter	1 Year Ending 3/31/08	3 Years Ending 3/31/08	5 Years Ending 3/31/08
Stable Value Fund	1.2 %	4.9 %	4.7 %	4.5 %
EnnisKnupp GIC Index	1.2	4.7	4.2	4.1

Investment Strategy

The Stable Value Fund managed by Great-West seeks to provide a stable rate of return through current income while preserving capital. The Fund invests solely in fixed income securities rated AAA or those issued by the U.S. government and its agencies. The Fund will allocate assets to sectors that management believes offer increased yield potential.

Performance Commentary

The Stable Value Fund matched the return of its benchmark during the quarter and exceeded its benchmark return over the longer-term periods shown above. As shown below, Great-West's annual performance has been favorable relative to the benchmark since inception.

HISTORICAL RETURNS (BY YEAR)

	Stable Value Fund	EnnisKnupp GIC Index	Return Difference
	Return	Return	
1996	6.5 %	6.2 %	0.3
1997	6.4	6.3	0.1
1998	6.3	6.2	0.1
1999	6.3	6.0	0.3
2000	6.5	6.4	0.1
2001	6.5	6.2	0.3
2002	5.7	5.1	0.6
2003	4.3	4.1	0.2
2004	4.2	3.9	0.3
2005	4.5	3.7	0.8
2006	4.8	4.1	0.7
2007	4.9	4.6	0.3
2008 (3 months)	1.2	1.2	0.0
Trailing 1-Year	4.9 %	4.7 %	0.2
Trailing 3-Year	4.7	4.2	0.5
Trailing 5-Year	4.5	4.1	0.4
Trailing 10-Year	5.3	5.0	0.3
Since Inception (7/31/94)	5.6	5.3	0.3

**RETURN SUMMARY
ENDING 3/31/08**

	First Quarter	1 Year Ending 3/31/08	3 Years Ending 3/31/08	5 Years Ending 3/31/08
PIMCO Total Return Fund Instl	3.3 %	10.8 %	6.4 %	5.4 %
LB Aggregate Bond Index	2.2	7.7	5.5	4.6

Investment Strategy

The PIMCO Total Return Fund, Institutional Shares, seeks total return consistent with preservation of capital. The Fund's strategy includes active sector rotation and moderate interest-rate anticipation. PIMCO's objective is to outperform the Lehman Brothers Aggregate Bond Index without incurring greater risk by utilizing innovative investment techniques or identifying sector and issue buying opportunities. The Fund maintains a duration between 3 and 6 years and can invest up to 10% in issues rated below BBB but no lower than B. The Fund may invest up to 20% of assets in non-dollar bonds. In March of 2007, PIMCO's Institutional share class replaced the Administrative share class.

Performance Commentary

The PIMCO Total Return Fund posted a gain of 3.3% and outperformed the LB Aggregate Bond Index by 110 basis points. The manager's front end yield curve bias proved to be the largest contributor to the favorable performance following the aggressive Fed easing campaign during the first quarter, causing the yield curve to steepen significantly. The decision to underweight corporate bonds was also rewarded, as the sector trailed the returns of the broad market. Another source of value added was PIMCO's long currency positions in emerging markets, most notably the Brazilian Real. Detracting from performance was an overweight allocation to mortgages as well as interest rate risk positions in emerging markets.

PIMCO's longer-term performance, as shown above, has remained favorable relative to the LB Aggregate Bond Index.

PIMCO TOTAL RETURN INSTL

FUND CHARACTERISTICS AS OF 3/31/08

	PIMCO Total Return Fund Instl	
Credit Quality	AAA	66%
	AA	14
	A	8
	BBB	5
	<BBB	7
Composition	US Gov't/Agency	-16%
	Corporate	15
	Mortgage-Backed	68
	Foreign	9
	Cash	23
	Other	1
Average Maturity/Duration	6.0 years/4.3 years	
Number of Issues	3,457	
Turnover	N/A	
Distriubtion Yield	4.83%	
Inception Date	September 1994	
Total Fund Assets	\$125.1 billion	
Fees	0.43%	

HISTORICAL RETURNS

(BY YEAR)

	PIMCO Total Return Fund Instl	LB Aggregate Bond Index	Return Difference
	Return	Return	
1996	4.5%	3.6%	0.9
1997	9.9	9.7	0.2
1998	9.5	8.7	0.8
1999	-0.5	-0.8	0.3
2000	11.8	11.6	0.2
2001	9.2	8.4	0.8
2002	9.9	10.3	-0.4
2003	5.3	4.1	1.2
2004	4.9	4.3	0.6
2005	2.6	2.4	0.2
2006	3.7	4.3	-0.6
2007	9.0	7.0	2.0
2008 (3 months)	3.3	2.2	1.1
Trailing 1-Year	10.8%	7.7%	3.1
Trailing 3-Year	6.4	5.5	0.9
Trailing 5-Year	5.4	4.6	0.8
Trailing 10-Year	6.7	6.0	0.7
Since Inception (6/30/87)	8.2	7.5	0.7

RETURN SUMMARY
ENDING 3/31/08

	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
TRP PS Income	-3.6%	49	1.6%	38	6.5%	16	9.3%	10
Custom Benchmark	-2.8	31	1.9	35	6.0	23	7.9	32

Investment Strategy

T. Rowe Price Personal Strategy Income Fund seeks to provide income, with a secondary goal of capital appreciation. The Fund invests in a variety of both stocks and bonds, with an emphasis on dividend-paying stocks and government and high-quality corporate, income-producing bonds.

The Fund's target asset allocation is 40% stocks, 40% bonds, and 20% cash. Typically, the Fund maintains a 5% - 10% exposure to non-U.S. stocks. It is the most conservative of the three T. Rowe Price lifestyle funds.

Performance Commentary

The T. Rowe Price Personal Strategy Income Fund declined 3.6% during the quarter and lagged its benchmark by 80 basis points. Compared with the benchmark, the Fund had an overweight allocation to stocks and bonds and an underweight allocation to cash. The Fund's stock exposure hindered results as stock returns continued to suffer. The manager noted that the Fund's high-yield allocation hurt results in its fixed-income component, as high-yield bonds performed poorly due to investors' flight to safety. On the positive side, the manager's decision to reduce high-yield exposure was favorable.

The Fund's long-term performance is mixed when compared to its benchmark. While the trailing one-year return modestly underperformed the return of the Fund's benchmark, the trailing three- and five-year returns outperformed.

T. ROWE PRICE

PERSONAL STRATEGY INCOME

FUND CHARACTERISTICS AS OF 3/31/08

	Personal Strategy Income Fund	
Composition	U.S. Stock	33.4%
	Non-U.S. Stock	10.3
	Bonds	44.5
	Cash	11.8
Number of Holdings	Stocks	662
	Bonds	602
Turnover	81%	
Inception Date	July 1994	
Total Fund Assets	\$783.4 million	
Fees	0.74%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Income	Custom Benchmark	Return Difference
	Return	Return	
1996	11.8%	9.9%	1.9
1997	15.0	15.3	-0.3
1998	11.5	14.1	-2.6
1999	5.2	9.9	-4.7
2000	6.6	1.0	5.6
2001	0.9	-0.9	1.8
2002	-3.4	-4.1	0.7
2003	18.6	14.3	4.3
2004	9.9	7.4	2.5
2005	5.2	4.5	0.7
2006	9.6	9.3	0.3
2007	7.3	6.4	0.9
2008 (3 months)	-3.6	-2.8	-0.8
Trailing 1-Year	1.6%	1.9%	-0.3
Trailing 3-Year	6.5	6.0	0.5
Trailing 5-Year	9.3	7.9	1.4
Trailing 10-Year	6.0	5.1	0.9
Since Inception (8/31/94)	8.5	7.4	1.1

RETURN SUMMARY
ENDING 3/31/08

	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
TRP PS Balanced	-6.1%	54	-0.6%	40	7.0%	19	11.4%	14
Custom Benchmark	-5.0	31	-0.4	37	6.7	22	10.1	30

Investment Strategy

T. Rowe Price Personal Strategy Balanced Fund seeks both capital appreciation and income. The Fund invests in a variety of both stocks and bonds, with an emphasis on blue-chip, dividend-paying stocks, government and high-quality corporate, income-producing bonds.

The Fund's neutral asset allocation is 60% stocks, 30% bonds, and 10% cash. Typically, the Fund maintains a 10% exposure to non-U.S. stocks. The balanced fund is the median of the three T. Rowe Price lifestyle funds in terms of expected risk and reward.

Performance Commentary

The T. Rowe Price Personal Strategy Balanced Fund trailed its benchmark by 110 basis points during the first quarter. Compared with the benchmark, the Fund had an overweight allocation to stocks and bonds and an underweight allocation to cash. The Fund's stock exposure hindered results as stock returns continued to suffer. The manager noted that the Fund's high-yield allocation hurt results in its fixed-income component, as high-yield bonds performed poorly due to investors' flight to safety. On the positive side, the manager's decision to reduce high-yield exposure was favorable.

With the exception of the Fund's trailing one-year return, all long-term performance remains favorable.

T. ROWE PRICE

PERSONAL STRATEGY BALANCED

FUND CHARACTERISTICS AS OF 3/31/08

	Personal Strategy Balanced Fund	
Composition	U.S. Stock	49.0%
	Non-U.S. Stock	15.2
	Bonds	34.0
	Cash	1.8
Number of Holdings	Stocks	662
	Bonds	624
Turnover	74%	
Inception Date	July 1994	
Total Fund Assets	\$1.4 billion	
Fees	0.79%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Balanced	Custom Benchmark	Return Difference
	Return	Return	
1996	14.2%	12.6%	1.6
1997	17.8	18.9	-1.1
1998	13.9	17.4	-3.5
1999	8.0	14.3	-6.3
2000	5.6	-3.0	8.6
2001	-2.5	-4.7	2.2
2002	-7.7	-9.2	1.5
2003	24.4	20.4	4.0
2004	12.6	9.6	3.0
2005	6.4	5.6	0.8
2006	11.9	12.1	-0.2
2007	7.7	6.6	1.1
2008 (3 months)	-6.1	-5.0	-1.1
Trailing 1-Year	-0.6%	-0.4%	-0.2
Trailing 3-Year	7.0	6.7	0.3
Trailing 5-Year	11.4	10.1	1.3
Trailing 10-Year	6.2	5.1	1.1
Since Inception (8/31/94)	9.3	8.2	1.1

RETURN SUMMARY
ENDING 3/31/08

	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
TRP PS Growth	-8.6%	60	-3.2%	45	7.3%	23	13.2%	20
Custom Benchmark	-7.1	33	-2.7	41	7.1	25	12.0	33

Investment Strategy

T. Rowe Price Personal Strategy Growth Fund seeks capital appreciation, with a secondary goal of income. The Fund invests in a variety of both stocks and bonds, with an emphasis on blue-chip, dividend-paying stocks, government and high-quality corporate, and income-producing bonds.

The Fund's neutral asset allocation is 80% stocks and 20% bonds. Typically, the Fund maintains a 15% - 25% exposure to non-U.S. stocks. The growth fund has the highest expected risk/reward profile of the three T. Rowe Price lifestyle funds.

Performance Commentary

The T. Rowe Price Personal Strategy Growth Fund returned -8.6% during the quarter, underperforming its benchmark by 150 basis points. Compared with the benchmark, the Fund had an overweight allocation to stocks and bonds and an underweight allocation to cash. The Fund's stock exposure hindered results as stock returns continued to suffer. Additionally, the Fund's large underweight allocation to cash was unfavorable to performance as the Fund was unable to take advantage of the safety of the asset class. The manager noted that the Fund's high-yield allocation hurt results in its fixed-income component, as high-yield bonds performed poorly due to investors' flight to safety. On the positive side, the manager's decision to reduce high-yield exposure was favorable.

The Fund's trailing one-year return lagged its benchmark return by 50 basis points, while the trailing three- and five-years returns outperformed that of its benchmark.

T. ROWE PRICE

PERSONAL STRATEGY GROWTH

FUND CHARACTERISTICS AS OF 3/31/08

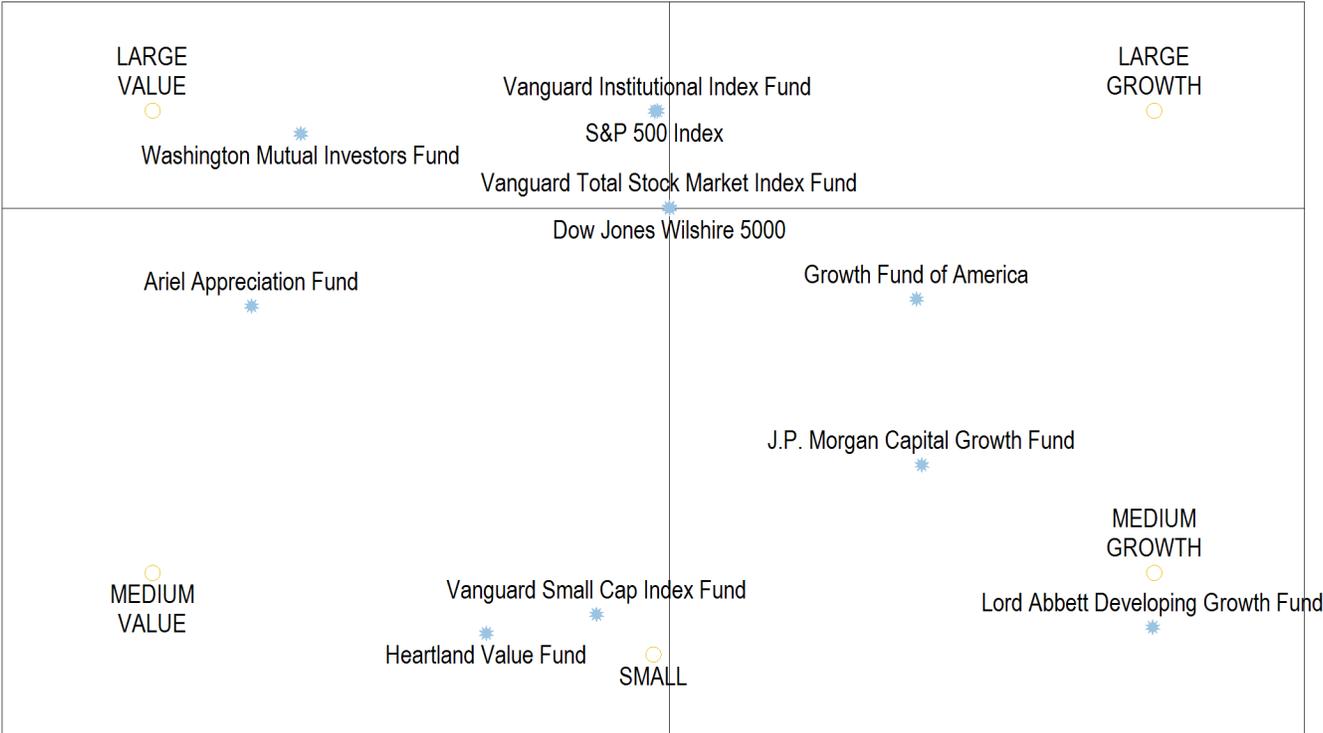
	Personal Strategy Growth Fund	
Composition	U.S. Stock	64.3%
	Non-U.S. Stock	19.8
	Bonds	15.4
	Cash	0.6
Number of Holdings	Stocks	662
	Bonds	549
Turnover	58%	
Inception Date	July 1994	
Total Fund Assets	\$1.2 billion	
Fees	0.85%	

HISTORICAL RETURNS

(BY YEAR)

	TRP PS Growth	Custom Benchmark	Return Difference
	Return	Return	
1996	17.7%	15.7%	2.0
1997	20.6	23.1	-2.5
1998	15.6	20.6	-5.0
1999	11.2	18.8	-7.6
2000	4.7	-7.0	11.7
2001	-6.0	-8.4	2.4
2002	-12.4	-14.4	2.0
2003	29.3	26.6	2.7
2004	15.0	11.8	3.2
2005	7.6	6.5	1.1
2006	14.1	14.7	-0.6
2007	7.8	6.7	1.1
2008 (3 months)	-8.6	-7.1	-1.5
Trailing 1-Year	-3.2%	-2.7%	-0.5
Trailing 3-Year	7.3	7.1	0.2
Trailing 5-Year	13.2	12.0	1.2
Trailing 10-Year	6.1	4.9	1.2
Since Inception (8/31/94)	10.1	9.0	1.1

EFFECTIVE STYLE MAP
7 YEARS ENDING 3/31/08



WASHINGTON MUTUAL INVESTORS

RETURN SUMMARY ENDING 3/31/08

	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Washington Mutual Investors Fund	-8.0%	21	-5.2%	45	5.9%	50	11.2%	67
Russell 1000 Value Index	-8.7	28	-10.0	75	6.0	48	13.7	38
S&P 500 Index	-9.4	38	-5.1	43	5.9	50	11.3	65

Investment Strategy

Washington Mutual Investors Fund seeks both income and growth of capital. The Fund invests in stocks that meet the fiduciary requirements for the investment of trust funds. This includes companies that have paid consistent dividends and excludes those that derive their primary revenues from alcohol or tobacco (this guideline was replaced by ERISA in 1974, but has been an investment principle for this fund since its 1952 inception). In particular, they seek companies that have paid dividends in at least nine of the last ten years.

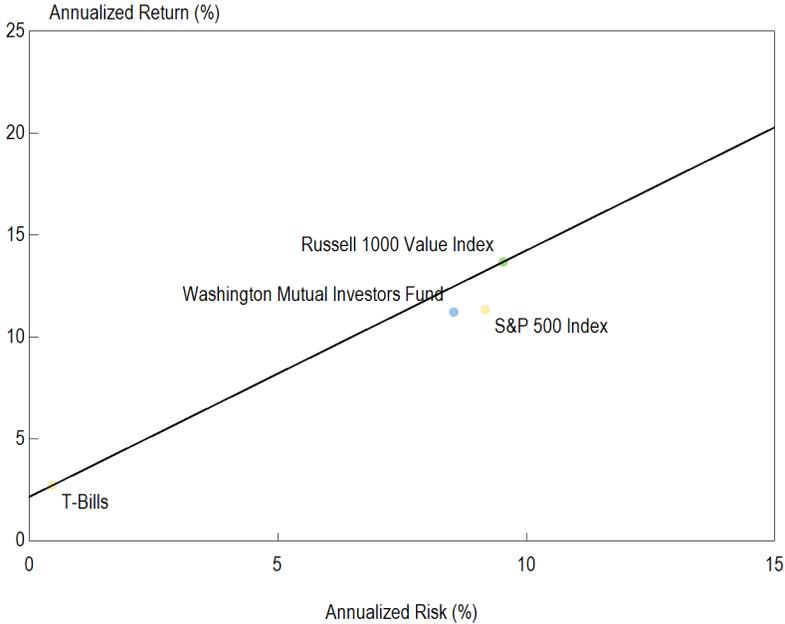
Capital Research & Management (the American Funds family) provides investment services for this fund. Management looks for stocks with strong long-term prospects selling at low prices. The Fund may invest up to 5% of assets in securities of non-U.S. issuers.

Performance Commentary

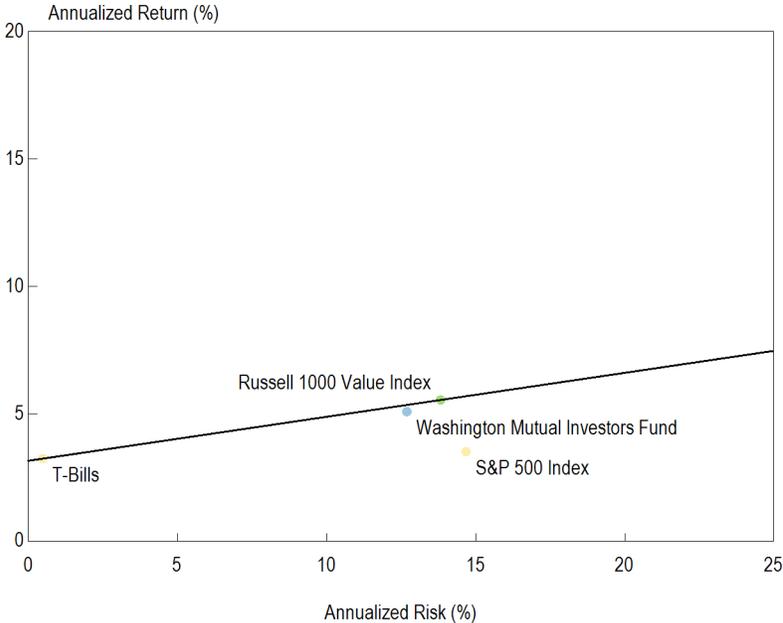
The Washington Mutual Investors Fund declined 8.0% during the quarter, outperforming both the Russell 1000 Value and S&P 500 Index. Performance was driven by both sector allocation and stock selection. Underweight allocations to the financial and information technology sectors proved beneficial. Additionally, an overweight allocation to cash contributed positively to the Fund's return. Detracting from results were overweight allocations to the telecommunication and health care sectors. From an industry perspective, stock selection within the computer and peripheral devices and capital markets helped performance. On the other hand, poor stock selection in thrifts and mortgage financial and wireless telecommunication services detracted from performance.

The Fund has outperformed its benchmark during the one year period, while nearly matching the S&P 500 Index. Over the trailing three- and five-year periods, the Fund has underperformed its benchmark and has approximated the return of the S&P 500 Index. The S&P 500 Index is the Fund's internal benchmark.

**ANNUALIZED RISK RETURN
5 YEARS ENDING 3/31/08**



**ANNUALIZED RISK RETURN
10 YEARS ENDING 3/31/08**



WASHINGTON MUTUAL INVESTORS

FUND CHARACTERISTICS AS OF 3/31/08

	Washington Mutual Investors Fund	
Style Characteristics	Value	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.92	
Composition	U.S. Stocks	96.1%
	Non-U.S. Stocks	1.2
	Cash	2.7
Number of Issues	120	
Turnover	19%	
Inception Date	July 1952	
Total Fund Assets	\$74.1 billion	
Fees	0.60%	

HISTORICAL RETURNS

(BY YEAR)

	Washington Mutual Investors Fund	Russell 1000 Value Index	Return Difference
	Return	Return	
1996	20.2%	21.6%	-1.4
1997	33.3	35.2	-1.9
1998	19.4	15.6	3.8
1999	1.2	7.4	-6.2
2000	9.1	7.0	2.1
2001	1.5	-5.6	7.1
2002	-14.8	-15.5	0.7
2003	25.8	30.0	-4.2
2004	9.9	16.5	-6.6
2005	3.5	7.0	-3.5
2006	18.0	22.2	-4.2
2007	4.0	-0.2	4.2
2008 (3 months)	-8.0	-8.7	0.7
Trailing 1-Year	-5.2%	-10.0%	4.8
Trailing 3-Year	5.9	6.0	-0.1
Trailing 5-Year	11.2	13.7	-2.5
Trailing 10-Year	5.1	5.5	-0.4
Since Inception (8/31/52)	12.5	--	--

*Relative to the Russell 1000 Value Index.

**RETURN SUMMARY
ENDING 3/31/08**

	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Vanguard Institutional Index Fund	-9.4%	38	-5.1%	44	5.8%	50	11.3%	65
S&P 500 Index	-9.4	38	-5.1	43	5.9	50	11.3	65

Investment Strategy

The Vanguard Institutional Index Fund is designed to approximate the performance of the S&P 500 Stock Index. The fund holds a capitalization-weighted position in all 500 securities of the S&P 500 Stock Index.

Management uses S&P 500 Index futures to manage fund inflows and outflows.

Milwaukee County switched from the retail Vanguard 500 Index Fund to the Vanguard Institutional Index Fund in May 1999.

Performance Commentary

The Vanguard Institutional Index Fund matched the return of the S&P 500 Index during the first quarter and over all longer-term periods shown above, as expected.

VANGUARD INSTITUTIONAL INDEX

FUND CHARACTERISTICS AS OF 3/31/08

	Vanguard Institutional Index Fund	
Style Characteristics	Core	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	1.00	
Composition	U.S. Stocks	99.9%
	Non - U.S. Stocks	0.1
	Cash	0.0
Number of Issues	511	
Turnover	8%	
Inception Date	July 1990	
Total Fund Assets	\$67.3 billion	
Fees	0.05%	

HISTORICAL RETURNS (BY YEAR)

	Vanguard Institutional Index Fund	S&P 500 Index	Return Difference
	Return	Return	
1996	23.1%	23.0%	0.1
1997	33.4	33.4	0.0
1998	28.8	28.6	0.2
1999	21.2	21.0	0.2
2000	-8.9	-9.1	0.2
2001	-11.9	-11.9	0.0
2002	-22.0	-22.1	0.1
2003	28.7	28.7	0.0
2004	10.9	10.9	0.0
2005	4.9	4.9	0.0
2006	15.8	15.8	0.0
2007	5.5	5.5	0.0
2008 (3 months)	-9.4	-9.4	0.0
Trailing 1-Year	-5.1%	-5.1%	0.0
Trailing 3-Year	5.8	5.9	-0.1
Trailing 5-Year	11.3	11.3	0.0
Trailing 10-Year	3.5	3.5	0.0
Since Inception (8/31/90)	10.6	10.6	0.0

*Relative to the S&P 500 Index.

**RETURN SUMMARY
ENDING 3/31/08**

	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Growth Fund of America	-7.8 %	20	1.1 %	15	10.0 %	12	14.9 %	25
Russell 1000 Growth Index	-10.2	53	-0.8	23	6.3	43	10.0	83

Investment Approach

Capital Research and Management is the sub-advisor for the Growth Fund of America. Capital Research uses a multiple-counselor system in managing the portfolio's assets. The portfolio is divided into segments and the counselors manage their respective segments autonomously. The research analysts are responsible for making the investment decisions for one of the segments.

The Capital Research and Management Investment Committee is responsible for making sure the portfolio stays within its limits and adheres to its investment policies. The objective of the Fund is to provide long-term growth of capital by investing in a diversified portfolio of common stocks while using a growth-at-a-reasonable price strategy. The Fund may invest up to 15% of its assets in companies domiciled outside the U.S. This Fund is less volatile than most large cap growth funds.

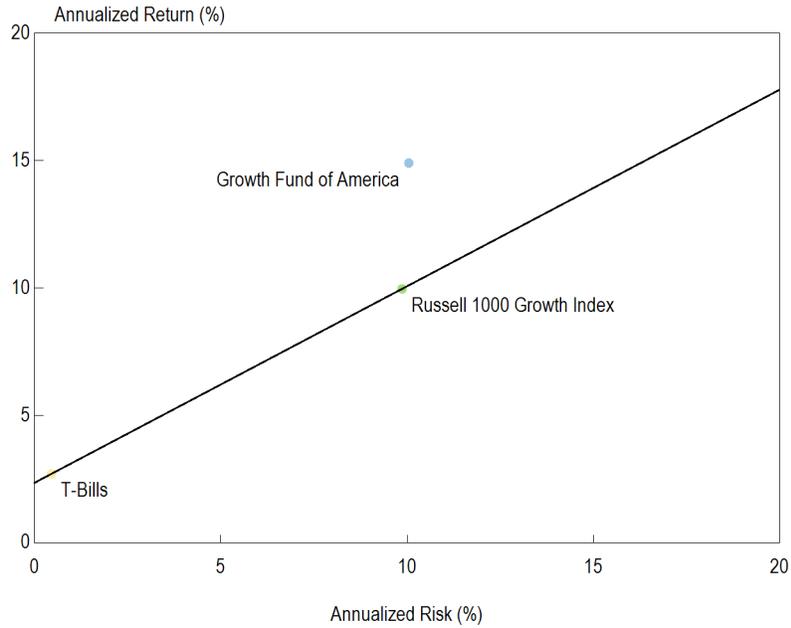
Performance Commentary

While negative in absolute terms, the American Funds Growth Fund of America return of -7.8% exceeded that of the Russell 1000 Growth Index by 240 basis points during the quarter. The Fund's performance was positively impacted by its allocation to energy, materials, health care, and diversified financials. Stock selections within pharmaceuticals, biotechnology, and chemicals also aided performance. From a country perspective, the manager's holdings within Switzerland, South Korea, Ireland, and the United Kingdom contributed favorably to relative results. Stock selections in financials, particularly, thrifts and mortgages and wireless telecommunication services, impaired performance, as the Fund was overweight these sectors relative to its benchmark. Additionally, stock selection among hotel restaurants and household durables negatively impacted performance this quarter.

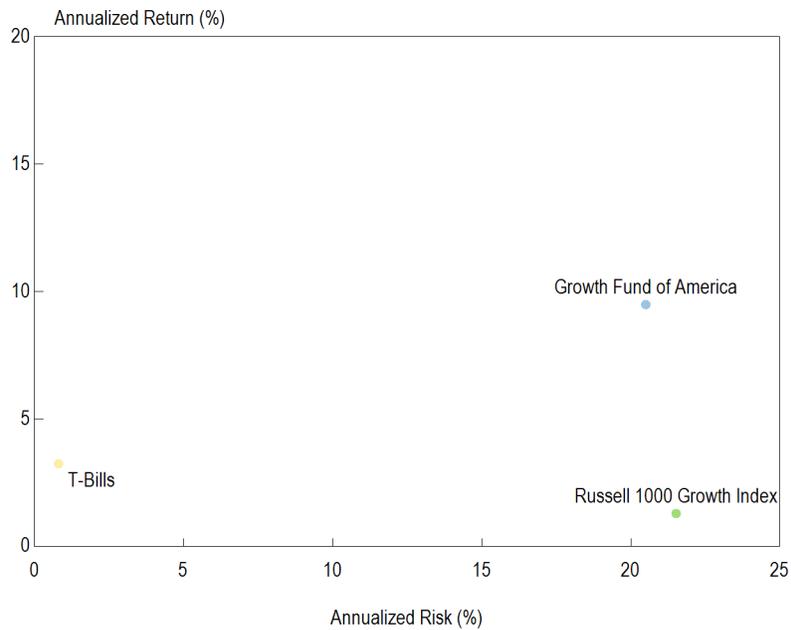
Over the long-term periods shown above, the Fund has outpaced the Russell 1000 Growth Index.

GROWTH FUND OF AMERICA

ANNUALIZED RISK RETURN 5 YEARS ENDING 3/31/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 3/31/08



FUND CHARACTERISTICS AS OF 3/31/08

	Growth Fund of America	
Style Characteristics	Growth	
Capitalization Focus	Large	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.89	
Composition	U.S. Stocks	69.9%
	Non-U.S. Stocks	18.6
	U.S. Bonds	0.1
	Cash	11.4
Number of Issues	280	
Turnover	26%	
Inception Date	December 1973	
Total Fund Assets	\$180.1 billion	
Fees	0.35%	

HISTORICAL RETURNS

(BY YEAR)

	Growth Fund of America	Russell 1000 Growth Index	Return Difference
	Return	Return	
1996	14.8%	23.1%	-8.3
1997	26.9	30.5	-3.6
1998	31.8	38.7	-6.9
1999	45.7	33.2	12.5
2000	7.5	-22.4	29.9
2001	-12.3	-20.4	8.1
2002	-21.8	-27.9	6.1
2003	33.3	29.8	3.5
2004	12.2	6.3	5.9
2005	14.5	5.3	9.2
2006	11.2	9.1	2.1
2007	11.3	11.8	-0.5
2008 (3 months)	-7.8	-10.2	2.4
Trailing 1-Year	1.1%	-0.8%	1.9
Trailing 3-Year	10.0	6.3	3.7
Trailing 5-Year	14.9	10.0	4.9
Trailing 10-Year	9.5	1.3	8.2
Since Inception (5/31/94)	12.8	8.4	4.4

*Relative to the Russell 1000 Growth Index.

VANGUARD TOTAL STOCK MARKET INDEX

RETURN SUMMARY ENDING 3/31/08

	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Vanguard Total Stock Market Index Fund	-9.4%	38	-5.7%	51	6.3%	43	12.4%	52
Performance Benchmark	-9.5	40	-5.7	51	6.3	42	12.4	51

Investment Strategy

The objective of the Vanguard Total Stock Market Index Fund is to approximate the return of the MSCI U.S. Broad Market Index. The Vanguard Total Stock Market Index Fund utilizes a sampling technique that approximates the industry weightings and market capitalizations of the MSCI U.S. Broad Market Index. The Fund will replicate the weightings of the largest stocks in the Index and invest in a representative sample for the remaining portion. Through computer modeling techniques, management intends to match the Index's characteristics, including sector weightings, yield, price ratios, and risk.

Performance Commentary

The Vanguard Total Stock Market Index Fund approximated the return of its benchmark during the first quarter and over all longer-term periods shown above, as expected. The Vanguard Total Stock Market Index Fund has provided participants with broad, low cost exposure to the U.S. equity market.

An explanation of the Performance Benchmark can be found in the Appendix.

VANGUARD TOTAL STOCK MARKET INDEX

FUND CHARACTERISTICS AS OF 3/31/08

	Vanguard Total Stock Market Index Fund	
Style Characteristics	Core	
Capitalization Focus	Large and Medium	
Level of Diversification	Diversified	
Market Risk (Beta)*	1.00	
Composition	U.S. Stocks	99.4%
	Non-U.S. Stocks	0.6
	Cash	0.0
Number of Issues	3,547	
Turnover	5%	
Inception Date	April 1992	
Total Fund Assets	\$101.9 billion	
Fees	0.06%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Total Stock Market Index Fund	Performance Benchmark	Return Difference
	Return	Return	
1997 (6 months)	11.4%	11.6%	-0.2
1998	23.3	23.4	-0.1
1999	23.8	23.6	0.2
2000	-10.6	-10.9	0.3
2001	-10.9	-11.0	0.1
2002	-21.0	-20.9	-0.1
2003	31.4	31.7	-0.3
2004	12.6	12.6	0.0
2005	6.1	6.2	-0.1
2006	15.7	15.7	0.0
2007	5.6	5.6	0.0
2008 (3 months)	-9.4	-9.5	0.1
Trailing 1-Year	-5.7%	-5.7%	0.0
Trailing 3-Year	6.3	6.3	0.0
Trailing 5-Year	12.4	12.4	0.0
Trailing 10-Year	4.0	3.9	0.1
Since Inception (7/31/97)	5.2	5.3	-0.1

*Relative to the Performance Benchmark (DJ Wilshire 5000 Stock Index prior to April 2005, MSCI Broad Market Index thereafter).

J.P. MORGAN CAPITAL GROWTH

RETURN SUMMARY ENDING 3/31/08

	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
J.P. Morgan Capital Growth Fund	-14.1%	89	-2.6%	31	7.1%	33	14.6%	28
Performance Benchmark	-10.9	62	-4.6	40	7.8	25	15.2	23

Investment Strategy

The J.P. Morgan Capital Growth Fund seeks long-term capital growth. Income is not an objective. The Fund invests in stocks of mid cap companies with market capitalizations of \$1 billion to \$5 billion. The current benchmark is the Russell MidCap Growth Index; however, the Fund's actual allocations can vary from those in the Index.

The Fund may invest up to 20% of assets in foreign stocks, although management has typically maintained a small foreign allocation.

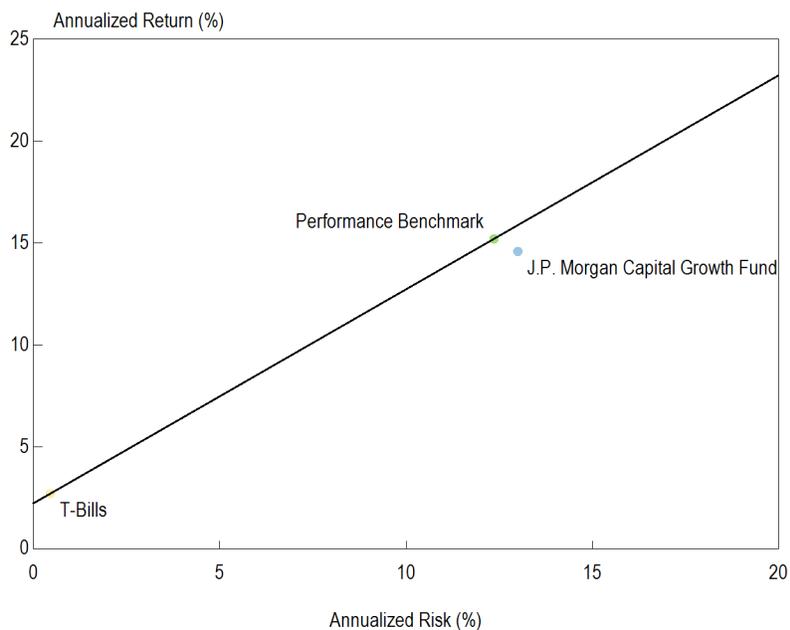
Performance Commentary

The J.P. Morgan Capital Growth Fund's first quarter return of -14.1% underperformed its benchmark, the Russell MidCap Growth Index, by 3.2 percentage points. Stock selection in the technology and health care sectors hampered results. Holding VCA Antech and National Financial Corporation detracted from the Fund's performance. Positively impacting results was holding Southwestern Energy, a company dedicated to the exploration for and production of natural gas in the U.S. Accounting for Southwestern's strong performance was a significant volume increase in production and the realization of higher oil and gas prices. The Fund also benefited from holdings in Cabot Oil and Gas Corporation.

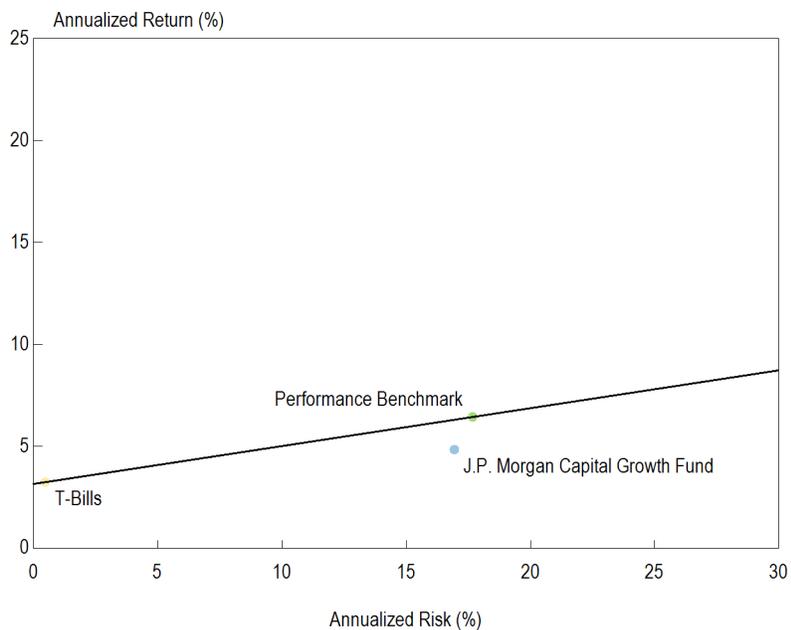
The Fund has added value over the trailing one- and three-year periods. Despite posting a strong return of 14.6% during the trailing five-year period, the Fund underperformed its benchmark by 60 basis points.

An explanation of the Performance Benchmark can be found in the Appendix.

**ANNUALIZED RISK RETURN
5 YEARS ENDING 3/31/08**



**ANNUALIZED RISK RETURN
10 YEARS ENDING 3/31/08**



J.P. MORGAN CAPITAL GROWTH

FUND CHARACTERISTICS AS OF 3/31/08

	J.P. Morgan Capital Growth Fund	
Style Characteristics	Growth	
Capitalization Focus	Medium	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.93	
Composition	U.S. Stocks	94.7%
	Non-U.S. Stocks	1.8
	Cash	3.5
Number of Issues	91	
Turnover	107%	
Inception Date	September 1987	
Total Fund Assets	\$889 million	
Fees	1.14%	

HISTORICAL RETURNS

(BY YEAR)

	J.P. Morgan Capital Growth Fund	Performance Benchmark	Return Difference
	Return	Return	
1996	24.2%	19.0%	5.2
1997	23.4	24.4	-1.0
1998	5.5	0.4	5.1
1999	12.8	19.0	-6.2
2000	14.2	17.5	-3.3
2001	-4.5	-0.6	-3.9
2002	-28.1	-27.4	-0.7
2003	36.1	42.7	-6.6
2004	16.9	15.5	1.4
2005	9.7	12.1	-2.4
2006	10.9	10.6	0.3
2007	17.0	11.4	5.6
2008 (3 months)	-14.1	-10.9	-3.2
Trailing 1-Year	-2.6%	-4.6%	2.0
Trailing 3-Year	7.1	7.8	-0.7
Trailing 5-Year	14.6	15.2	-0.6
Trailing 10-Year	4.8	6.4	-1.6
Since Inception (11/30/87)	13.5	12.3	1.2

*Relative to J.P. Morgan's Performance Benchmark.

RETURN SUMMARY
ENDING 3/31/08

	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Ariel Appreciation Fund	-9.2%	34	-12.2%	84	1.6%	93	10.2%	80
Russell 2500 Index	-9.4	37	-11.3	81	6.0	48	15.7	19

Investment Strategy

The Ariel Appreciation Fund seeks long-term capital appreciation, income is not an objective. Management invests in small- and mid-cap U.S. companies that meet environmentally responsible standards. By prospectus, the Fund may not purchase companies involved in the manufacturing of weapons, nuclear energy, or tobacco related products.

Management seeks stocks that are industry leaders or that occupy an industry niche and are selling at a discount to growth-rate projections. Although the Fund is relatively concentrated, management has generally avoided large stakes in growth industries such as technology and health care.

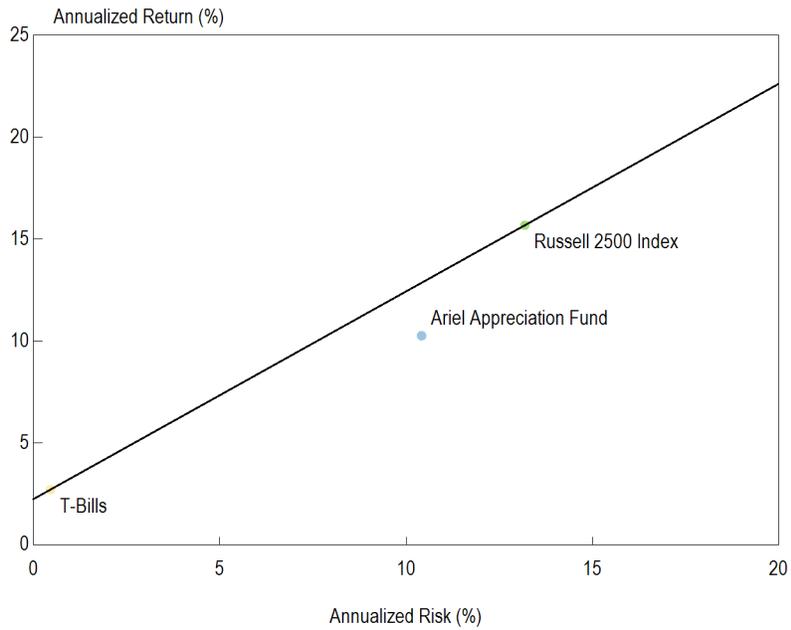
Performance Commentary

Ariel Appreciation Fund's return of -9.2% modestly outperformed the return of the Russell 2500 Index by 20 basis points during the first quarter. The Fund's unfavorable performance was attributed to significant overweight allocations to poor performing sectors, particularly the financial services and consumer discretionary sectors. Specific holdings that hindered results during the quarter were Janus Capital Group (-29.2%) and Constellation Brands (-25.3%). Commodities' strong performance also detracted from the Fund's returns as the Fund did not hold key stocks that rallied in this environment. Adding to relative value was holding Jones Lang LaSalle (+8.7%), a real estate service provider. Also, contributing to the Fund's performance was the addition of Tiffany & Company stock, which was purchased in mid-January and gained 13.6% for the quarter.

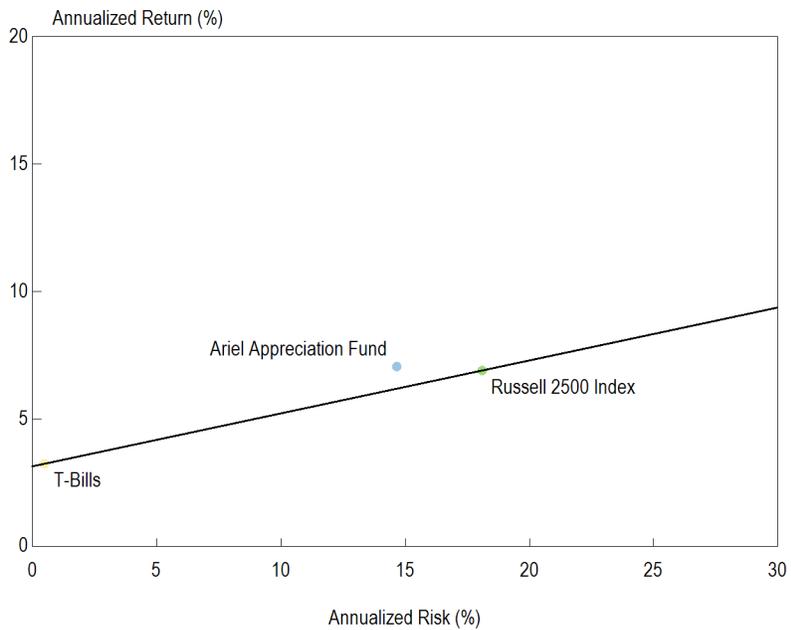
The Fund has trailed the Russell 2500 Index for all long-term periods shown above, but has earned a strong absolute return of 10.2% over the five-year period.

ARIEL APPRECIATION

ANNUALIZED RISK RETURN 5 YEARS ENDING 3/31/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 3/31/08



FUND CHARACTERISTICS AS OF 3/31/08

	Ariel Appreciation Fund	
Style Characteristics	Value	
Capitalization Focus	Small to Medium	
Level of Diversification	Somewhat Concentrated	
Market Risk (Beta)*	0.62	
Composition	U.S. Stocks	99.7%
	Cash	0.3
Number of Issues	34	
Turnover	30%	
Inception Date	December 1989	
Total Fund Assets	\$1.8 billion	
Fees	1.12%	

**HISTORICAL RETURNS
(BY YEAR)**

	Ariel Appreciation Fund	Russell 2500 Index	Return Difference
	Return	Return	
1996	23.7 %	19.0 %	4.7
1997	37.9	24.4	13.5
1998	19.5	0.4	19.1
1999	-3.8	24.1	-27.9
2000	18.8	4.3	14.5
2001	16.2	1.2	15.0
2002	-10.4	-17.8	7.4
2003	31.0	45.5	-14.5
2004	13.1	18.3	-5.2
2005	2.9	8.1	-5.2
2006	10.9	16.2	-5.3
2007	-1.4	1.4	-2.8
2008 (3 months)	-9.2	-9.4	0.2
Trailing 1-Year	-12.2%	-11.3%	-0.9
Trailing 3-Year	1.6	6.0	-4.4
Trailing 5-Year	10.2	15.7	-5.5
Trailing 10-Year	7.0	6.9	0.1
Since Inception (12/31/89)	11.0	11.3	-0.3

*Relative to the Russell 2500 Index.

VANGUARD SMALL CAP INDEX

RETURN SUMMARY ENDING 3/31/08

	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Vanguard Small Cap Index Fund	-9.1%	32	-11.1%	81	5.9%	48	15.9%	17
Small-Cap Index	-9.2	34	-11.3	81	5.9	49	16.2	16

Investment Strategy

The Vanguard Small Cap Index Fund's strategy is designed to track the investment performance of the MSCI US 1750 Small Cap Index, which is comprised of the 1,750 smallest stocks out of the 2,500 largest stocks. Prior to May 17, 2003, the Fund replicated the Russell 2000 Index. Prior to June 30, 2003, the fund used a sampling technique to track the Russell 2000 Index.

Performance Commentary

The Fund approximated the return of its benchmark during the first quarter of 2008. Slight tracking error existed over the longer-term periods shown above.

The Fund was moved from Admiral shares to the new Signal share class on 10/6/2007.

An explanation of the Performance Benchmark can be found in the Appendix.

VANGUARD SMALL CAP INDEX

FUND CHARACTERISTICS AS OF 3/31/08

	Vanguard Small Cap Index Fund	
Style Characteristics	Core	
Capitalization Focus	Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.99	
Composition	U.S. Stocks	99.0%
	Non-U.S. Stocks	1.0
	Cash	0.0
Number of Issues	1,727	
Turnover	18%	
Inception Date	October 1960	
Total Fund Assets	\$13.6 billion	
Fees	0.13%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Small Cap Index Fund	Small-Cap Index	Return Difference
	Return	Return	
1996	18.1%	16.5%	1.6
1997	24.6	22.4	2.2
1998	-2.6	-2.5	-0.1
1999	23.1	21.3	1.8
2000	-2.7	-3.0	0.3
2001	3.1	2.5	0.6
2002	-20.0	-20.5	0.5
2003	45.6	47.5	-1.9
2004	19.9	20.0	-0.1
2005	7.4	7.5	-0.1
2006	15.8	15.8	0.0
2007	1.2	1.2	0.0
2008 (3 months)	-9.1	-9.2	0.1
Trailing 1-Year	-11.1%	-11.3%	0.2
Trailing 3-Year	5.9	5.9	0.0
Trailing 5-Year	15.9	16.2	-0.3
Trailing 10-Year	5.7	5.6	0.1
Since Inception (5/31/94)	9.9	9.5	0.4

*Relative to the Vanguard Small Cap Index Performance Benchmark

LORD ABBETT DEVELOPING GROWTH

RETURN SUMMARY ENDING 3/31/08

	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Lord Abbett Developing Growth Fund	-21.8%	99	1.5%	14	12.4%	5	15.4%	21
Russell 2000 Growth Index	-12.8	81	-8.9	68	5.7	53	14.2	32

Investment Approach

Management of the Lord Abbett Developing Growth Fund employs a process of fundamental research to identify small cap companies that are entering a period of dramatic growth. Management begins by combining growth, balance sheet, and financial statement factors to identify a promising universe of approximately 400 stocks. Portfolio managers and analysts then undertake fundamental and industry research, including company, customer and supplier visits, to select businesses with growth and earnings prospects. However, management sets valuation limits on purchase candidates, preferring to buy stocks at low valuations and then hold them throughout several growth stages.

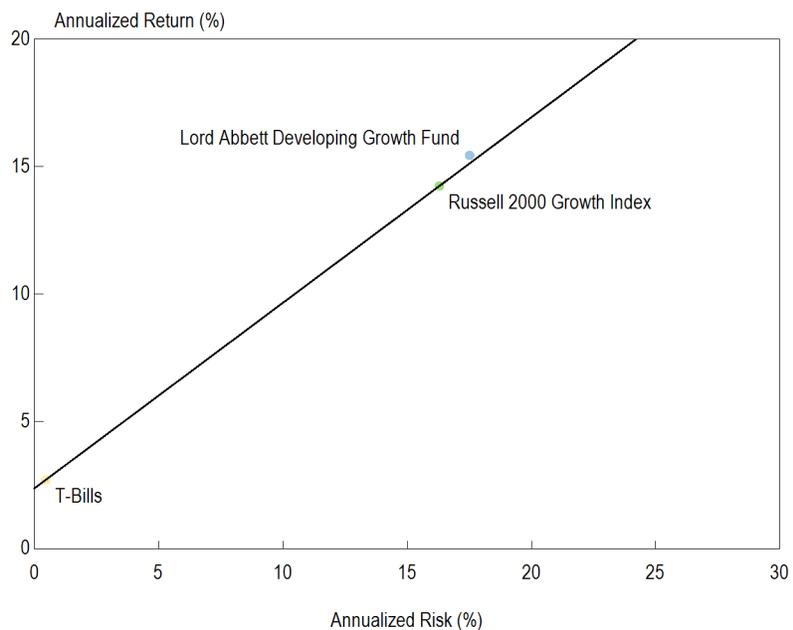
The Fund tends to feature sector diversification, albeit with substantial exposure to growth industries. The portfolio holds approximately 119 micro- and small-cap stocks.

Performance Commentary

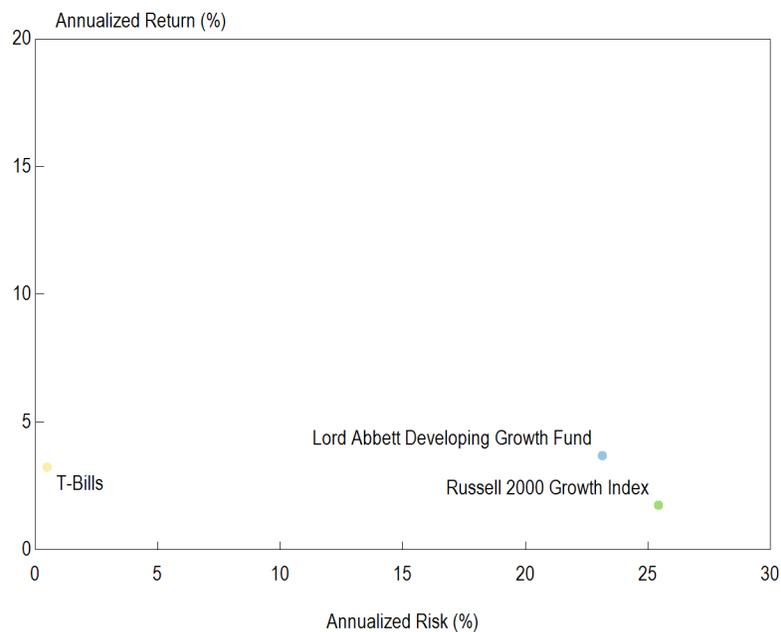
Lord Abbett produced a 21.8% loss during the quarter and lagged the Russell 2000 Growth Index by 9.0 percentage points. The manager noted that stock selection within the technology sector proved to be the largest detractor from performance. In particular, holdings in Aruba Networks (-65%) and Tessera Technologies (-50%) hindered results. Stock selection within the financial services and health care sectors also demonstrated to be unfavorable. Adding value to the Fund was stock selection within the utilities sector, specifically holdings in Alpha Natural Resources (+33.7%) and Illumina (+28.1%).

Although Lord Abbett performed poorly this quarter, its trailing one-year return significantly outperformed the return of its benchmark. This is attributed to the Fund's strong performance during the second, third, and fourth quarters of 2007. The Fund has also outperformed its benchmark during the trailing three- and five-year periods.

ANNUALIZED RISK RETURN 5 YEARS ENDING 3/31/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 3/31/08



LORD ABBETT DEVELOPING GROWTH

FUND CHARACTERISTICS AS OF 3/31/08

	Lord Abbett Developing Growth Fund	
Style Characteristics	Growth	
Capitalization Focus	Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.88	
Composition	U.S. Stocks	95.9%
	Non-U.S. Stocks	2.4
	Cash	1.7
Number of Issues	135	
Turnover	63%	
Inception Date	October 1973	
Total Fund Assets	\$1.3 billion	
Fees	1.19%	

HISTORICAL RETURNS

(BY YEAR)

	Lord Abbett Developing Growth Fund	Russell 2000 Growth Index	Return Difference
	Return	Return	
1996	22.2%	11.3%	10.9
1997	30.8	12.9	17.9
1998	8.3	1.2	7.1
1999	38.2	43.1	-4.9
2000	-17.7	-22.4	4.7
2001	-7.0	-9.2	2.2
2002	-29.5	-30.3	0.8
2003	40.1	48.5	-8.4
2004	6.0	14.3	-8.3
2005	11.9	4.1	7.8
2006	12.4	13.3	-0.9
2007	35.8	7.0	28.8
2008 (3 months)	-21.8	-12.8	-9.0
Trailing 1-Year	1.5%	-8.9%	10.4
Trailing 3-Year	12.4	5.7	6.7
Trailing 5-Year	15.4	14.2	1.2
Trailing 10-Year	3.7	1.7	2.0
Since Inception (11/30/73)	10.7	--	--

*Relative to the Russell 2000 Growth Index

**RETURN SUMMARY
ENDING 3/31/08**

	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Heartland Value Fund	-9.7%	45	-15.3%	92	5.5%	57	17.1%	12
Russell 2000 Value Index	-6.5	11	-16.9	94	4.3	75	15.4	21

Investment Approach

The Heartland Value Fund seeks long-term capital appreciation through investments in small or micro cap securities selected under disciplined, value-oriented criteria. Management seeks companies whose stock prices do not reflect what Heartland believes to be the companies' intrinsic or potential values. A company's stock may be undervalued because it is under-followed by Wall Street analysts, misunderstood by investors, temporarily oversold or out-of-favor as a result of investor overreaction to unexpected news or an emerging, undiscovered opportunity.

Heartland builds portfolios based on a bottom-up fundamental analysis of individual securities while avoiding over-concentration in a particular industry or industries. Heartland begins its search for investment ideas by performing a weekly computer screening of a universe of over 10,000 securities. The database is screened to find securities that have a market capitalization of \$750 million or less. The firm's analysts, using 10 value-based criteria referred to at Heartland as the "10 Point Grid", extensively research each security considered for purchase.

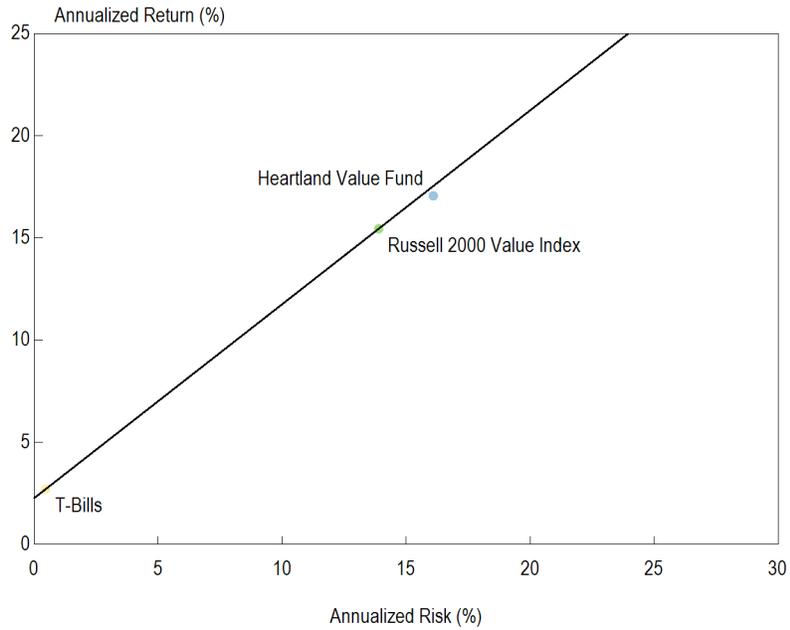
Performance Commentary

The Heartland Value Fund registered a loss of 9.7% during the first quarter, underperforming the Russell 2000 Value Index by 3.2 percentage points. The Fund's significant overweight allocation to the industrials sector compared to the Index hindered results, as this demonstrated to be the largest detractor from performance for the quarter. Additionally, the Fund's poor stock selection and overweight allocation in the health care sector further penalized performance. Stock selection in the energy sector aided the Fund's performance, as it was the only sector that contributed positively to the Fund's return during the quarter.

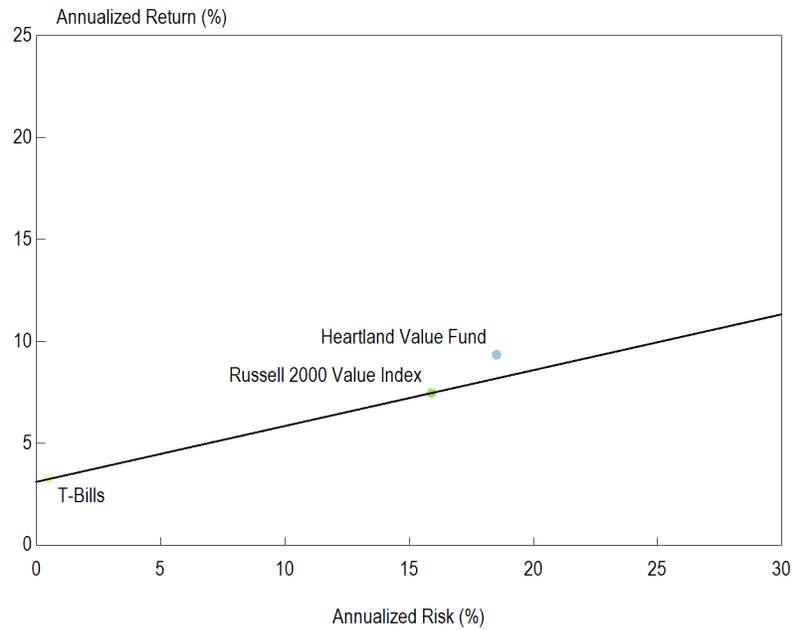
Longer-term performance is favorable, as the Fund's returns have exceeded that of the Index in all long-term periods shown above.

HEARTLAND VALUE

ANNUALIZED RISK RETURN 5 YEARS ENDING 3/31/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 3/31/08



FUND CHARACTERISTICS AS OF 3/31/08

	Heartland Value Fund	
Style Characteristics	Value	
Capitalization Focus	Micro to Small	
Level of Diversification	Diversified	
Market Risk (Beta)*	0.98	
Composition	U.S. Stocks	80.9%
	Non-U.S. Stocks	13.3
	Cash	4.8
	Other	1.0
Number of Issues	185	
Turnover	53%	
Inception Date	December 1984	
Total Fund Assets	\$1.5 billion	
Fees	1.12%	

HISTORICAL RETURNS

(BY YEAR)

	Heartland Value Fund	Russell 2000 Value Index	Return Difference
	Return	Return	
1996	21.0%	21.4%	-0.4
1997	23.2	31.8	-8.6
1998	-11.5	-6.4	-5.1
1999	25.0	-1.5	26.5
2000	2.0	22.8	-20.8
2001	29.5	14.0	15.5
2002	-11.5	-11.4	-0.1
2003	70.2	46.0	24.2
2004	9.1	22.3	-13.2
2005	2.0	4.7	-2.7
2006	28.0	23.5	4.5
2007	-5.5	-9.8	4.3
2008 (3 months)	-9.7	-6.5	-3.2
Trailing 1-Year	-15.3%	-16.9%	1.6
Trailing 3-Year	5.5	4.3	1.2
Trailing 5-Year	17.1	15.4	1.7
Trailing 10-Year	9.3	7.5	1.8
Since Inception (1/31/85)	13.5	11.8	1.7

*Relative to the Russell 2000 Value Index.

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**RETURN SUMMARY
ENDING 3/31/08**

	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
EuroPacific Growth Fund	-7.9%	23	6.6%	9	17.6%	16	23.6%	21
MSCI All Country World ex-U.S. Index	-9.1	46	2.2	24	16.0	29	23.5	21

Investment Approach

Capital Research and Management is the sub-advisor for the EuroPacific Growth Fund. Capital Research uses a multiple-counselor system in managing the portfolio's assets. The portfolio is divided into segments and the counselors manage their respective segments autonomously. The research analysts are responsible for making the investment decisions for one of the segments.

The Capital Research and Management Investment Committee is responsible for making sure the portfolio stays within its limits and adheres to its investment policies. The objective of the fund is to provide long-term growth of capital by investing in a diversified portfolio of international stocks while using a growth-at-a-reasonable price strategy.

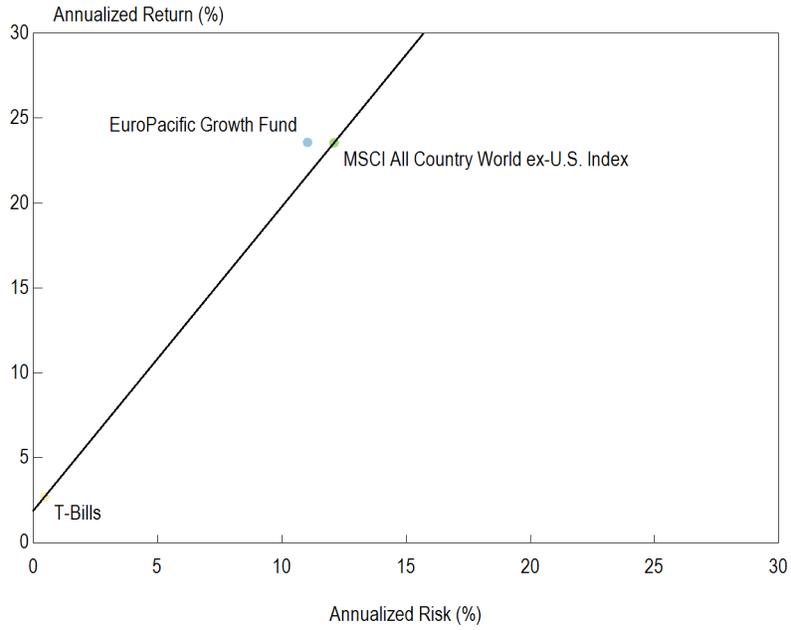
Performance Commentary

While negative in absolute terms, the EuroPacific Growth Fund's return of -7.9% exceeded that of the MSCI All Country World ex-U.S. Index by 120 basis points. The manager's stock selection and overweight allocation to the health care sector contributed significantly to relative performance. In particular, the Fund's pharmaceutical company holdings were helpful. Additionally, the manager's stock selection within the telecommunications and information technology sectors, specifically within semiconductors and diversified telecommunication services, was additive in relative terms. Detracting from performance was stock selection within the energy sector, particularly within oil, gas, and consumable fuels. From a country perspective, the manager's U.S., Swiss, and Chinese holdings enhanced relative results; while, the manager's stock selection within Japan and the United Kingdom proved unfavorable. The Fund held a cash position of 10.8% as of quarter end, which was advantageous as equity markets experienced a difficult quarter.

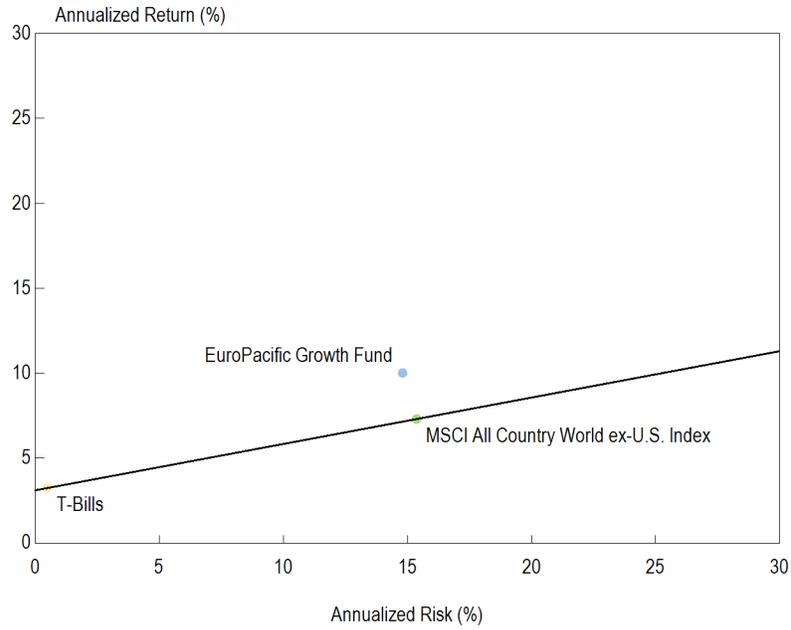
The Fund's longer-term results are favorable, as the Fund's returns have exceeded those of the Index for all periods shown above. On an absolute basis the Fund has earned a strong 23.6% return, annualized over the last five years.

EUROPACIFIC GROWTH

ANNUALIZED RISK RETURN 5 YEARS ENDING 3/31/08



ANNUALIZED RISK RETURN 10 YEARS ENDING 3/31/08



FUND CHARACTERISTICS AS OF 3/31/08

	EuroPacific Growth Fund	
Geographic Breakdown	United States	0.2%
	Asia & Pacific Basin	21.7
	Europe ex-U.K.	47.3
	U.K.	7.0
	Other (Including Canada & Latin America)	13.0
	Cash	10.8
Composition	Non-U.S. Stocks	89.1%
	U.S. Stocks	0.1
	Cash	10.8
Number of Issues	300	
Turnover	38%	
Inception Date	April 1984	
Total Fund Assets	\$114.7 billion	
Fees	0.53%	

HISTORICAL RETURNS

(BY YEAR)

	EuroPacific Growth Fund	MSCI All Country World ex-U.S. Index	Return Difference
	Return	Return	
1996	18.6%	6.4%	12.2
1997	9.2	1.8	7.4
1998	15.5	14.1	1.4
1999	57.0	30.6	26.4
2000	-17.8	-15.3	-2.5
2001	-12.2	-19.7	7.5
2002	-13.4	-14.9	1.5
2003	33.2	40.8	-7.6
2004	20.0	20.9	-0.9
2005	21.4	16.6	4.8
2006	22.2	26.6	-4.4
2007	19.2	16.7	2.5
2008 (3 months)	-7.9	-9.1	1.2
Trailing 1-Year	6.6%	2.2%	4.4
Trailing 3-Year	17.6	16.0	1.6
Trailing 5-Year	23.6	23.5	0.1
Trailing 10-Year	10.0	7.3	2.7
Since Inception (5/31/94)	11.2	7.6	3.6

EUROPACIFIC GROWTH

COUNTRY ALLOCATION/RETURNS 3 MONTHS ENDING 3/31/08

	Manager Allocation	Index Allocation	Index Return
Europe			
Austria	0.9 %	0.4 %	-9.9 %
Belgium	0.5	1.0	-3.1
Czech Republic*	--	0.2	-0.4
Denmark	2.1	0.8	0.0
Finland	1.3	1.4	-10.5
France	9.7	8.1	-8.4
Germany	9.6	6.8	-11.8
Greece	1.2	0.5	-15.8
Hungary*	0.3	0.1	-13.7
Ireland	1.1	0.5	-1.2
Italy	2.0	2.9	-11.7
Netherlands	2.4	2.1	-6.6
Norway	1.1	0.8	-10.5
Poland*	0.2	0.2	-3.9
Portugal	0.2	0.3	-13.2
Russia*	2.6	1.9	-11.5
Spain	3.5	3.3	-5.6
Sweden	1.7	1.8	-3.4
Switzerland	6.8	5.4	-2.1
United Kingdom	7.0	16.0	-10.5
Asia/Pacific			
Australia	1.7 %	4.7 %	-11.7 %
China*	1.0	2.7	-23.7
Hong Kong	1.1	1.6	-18.9
India*	2.9	1.4	-27.0
Indonesia*	0.5	0.3	-6.5
Japan	7.8	14.9	-7.8
Korea*	4.4	2.7	-13.1
Malaysia*	0.1	0.5	-9.3
New Zealand	--	0.1	-14.7
Pakistan*	0.1	0.0	11.2
Philippines*	0.3	0.1	-17.5
Singapore	1.0	0.9	-7.4
Sri Lanka*	--	--	-3.6
Taiwan, China*	3.7	2.3	5.3
Thailand*	0.1	0.3	3.3
Americas			
Argentina*	--	0.1 %	6.9 %
Brazil*	3.3 %	2.8	-5.0
Canada	2.1	6.5	-6.1
Chile*	--	0.3	9.7
Colombia*	--	0.1	-4.4
Mexico*	2.5	1.0	5.1
Peru*	--	0.1	5.3
United States	0.2	--	-9.5
Other			
Egypt*	0.2 %	0.2 %	7.9 %
Israel*	0.5	0.4	-4.8
Jordan*	--	0.0	-1.9
Morocco*	--	0.1	33.8
South Africa*	1.4	1.2	-15.0
Turkey*	0.1	0.2	-38.4
Cash			
Cash	10.8 %	--	--
Total	100.0 %	100.0 %	-9.1 %
Developed	65.0	80.7	
Emerging*	24.2	19.2	
Cash	10.8	--	

VANGUARD TOTAL INTERNATIONAL STOCK INDEX

RETURN SUMMARY ENDING 3/31/08

	First Quarter		1 Year Ending 3/31/08		3 Years Ending 3/31/08		5 Years Ending 3/31/08	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Vanguard Total International Stock Index Fund	-8.9%	42	1.3%	26	15.5%	32	23.2%	24
MSCI All Country World ex-U.S. Index	-9.1	46	2.2	24	16.0	29	23.5	21

Investment Strategy

The Vanguard Total International Stock Index seeks long-term growth of capital by offering exposure to over 1500 companies in more than 30 countries. The Fund invests in three Vanguard Index Funds: Vanguard European Stock Index Fund, Vanguard Pacific Stock Index Fund and Vanguard Emerging Markets Stock Index Fund. Each of these index funds attempts to track the appropriate MSCI Index. The three funds are managed by the Vanguard Quantitative Equity Group. The major difference between the fund and the Index is the fund's lack of exposure to Canada.

Performance Commentary

The Vanguard Total International Stock Index modestly exceeded its benchmark during the first quarter. The outperformance was mostly due to the Fund's lack of exposure to Canada. As of 3/31/08, Canada made up 6.5% of the MSCI All Country World ex-U.S. Index and performed unfavorably. It should be noted that the Fund invests in three underlying Vanguard Index Funds, and therefore does not aim to explicitly track the MSCI All Country World ex-U.S. Index.

VANGUARD TOTAL INTERNATIONAL STOCK INDEX

FUND CHARACTERISTICS AS OF 3/31/08

	Vanguard Total International Stock Index Fund	
Country Allocations	Japan	16.1%
	Pacific ex-Japan	20.5
	U.K.	16.6
	Europe ex-U.K.	39.9
	Latin America	3.9
	U.S. & Canada	0.0
	Other	3.0
Composition	Non-U.S. Stocks	100.0%
	Cash	0.0
Number of Issues	3 mutual funds	
Turnover	N/A	
Inception Date	April 1996	
Total Fund Assets	\$27.1 billion	
Fees	0.27%	

HISTORICAL RETURNS

(BY YEAR)

	Vanguard Total International Stock Index Fund	MSCI All Country World ex-U.S. Index	Return Difference
	Return	Return	
1996 (8 months)	0.7%	0.1%	0.6
1997	-0.8	1.8	-2.6
1998	15.6	14.1	1.5
1999	29.9	30.6	-0.7
2000	-15.6	-15.3	-0.3
2001	-20.2	-19.7	-0.5
2002	-15.1	-14.9	-0.2
2003	40.3	40.8	-0.5
2004	20.8	20.9	-0.1
2005	15.6	16.6	-1.0
2006	26.6	26.6	0.0
2007	15.5	16.7	-1.2
2008 (3 months)	-8.9	-9.1	0.2
Trailing 1-Year	1.3%	2.2%	-0.9
Trailing 3-Year	15.5	16.0	-0.5
Trailing 5-Year	23.2	23.5	-0.3
Trailing 10-Year	7.0	7.3	-0.3
Since Inception (5/31/96)	7.1	7.6	-0.5

RETURNS OF THE MAJOR CAPITAL MARKETS

	First Quarter	Annualized Periods Ending 3/31/08				
		1-Year	3-Year	5-Year	10-Year	15-Year
Domestic Stock Indices:						
DJ Wilshire 5000 Index	-9.5%	-5.8%	6.4%	12.5%	4.0%	9.4%
S&P 500 Index	-9.4	-5.1	5.9	11.3	3.5	9.5
Russell 3000 Index	-9.5	-6.1	6.1	12.1	3.9	9.4
Russell 1000 Value Index	-8.7	-10.0	6.0	13.7	5.5	10.7
Russell 1000 Growth Index	-10.2	-0.8	6.3	10.0	1.3	7.8
Russell MidCap Value Index	-8.6	-14.1	6.6	16.8	8.2	12.0
Russell MidCap Growth Index	-10.9	-4.6	7.8	15.2	5.2	9.4
Russell 2000 Value Index	-6.5	-16.9	4.3	15.4	7.5	11.3
Russell 2000 Growth Index	-12.8	-8.9	5.7	14.2	1.7	6.2
Domestic Bond Indices:						
Lehman Brothers Aggregate Index	2.2%	7.7%	5.5%	4.6%	6.0%	6.3%
Lehman Brothers Govt/Credit Index	2.5	8.4	5.5	4.6	6.1	6.4
Lehman Brothers Long Govt/Credit Index	0.8	6.4	5.1	5.5	6.9	7.6
Lehman Brothers 1-3 Year Govt/Credit Index	2.7	8.2	5.3	3.7	5.1	5.3
Lehman Brothers U.S. MBS Index	2.4	7.8	5.8	4.8	6.0	6.3
Lehman Brothers High Yield Index	-3.0	-3.7	4.9	8.6	4.8	6.9
Lehman Brothers Universal Index	1.7	6.6	5.5	5.0	6.1	6.5
Real Estate Indices:						
NCREIF Property Index	1.6%	13.6%	16.8%	15.1%	12.6%	11.2%
NCREIF ODCE Index	1.1	12.0	15.6	13.9	11.7	10.3
DJ Wilshire Real Estate Securities Index	2.1	-18.9	11.6	18.9	11.1	11.6
FTSE NAREIT US Real Estate Index	1.4	-17.4	11.7	18.3	10.7	11.7
Foreign/Global Stock Indices:						
MSCI All Country World Index	-9.3%	-1.2%	11.1%	17.2%	5.1%	8.6%
MSCI All Country World ex-U.S. Index	-9.1	2.2	16.0	23.5	7.3	8.7
MSCI EAFE Index	-8.9	-2.7	13.3	21.4	6.2	8.1
MSCI EAFE Index (in local currency)	-15.0	-14.8	8.6	14.6	2.8	6.3
MSCI World ex-U.S.A. Small Cap Index	-6.5	-9.9	11.5	25.5	9.5	7.4
MSCI Emerging Markets Index	-11.0	21.3	29.2	35.5	12.2	10.6
Foreign Bond Indices:						
Citigroup World Gov't Bond Index	10.9%	22.3%	7.4%	9.0%	7.4%	7.1%
Citigroup Hedged World Gov't Bond Index	2.1	6.1	4.9	4.3	5.6	7.0
Cash Equivalents:						
Treasury Bills (30-Day)	0.9%	4.5%	3.8%	2.7%	3.2%	3.6%
EnnisKnupp STIF Index	0.9	5.0	4.6	3.3	4.0	4.3
Inflation Index:						
Consumer Price Index	1.7%	4.0%	3.4%	3.0%	2.8%	2.7%

APPENDIX II

Benchmark Descriptions

iMoney Net Money Fund Average - An index made up of the entire universe of taxable money market mutual funds. The index currently represents 1,228 funds, or approximately 99 percent of all money fund assets.

Custom Benchmark (Personal Strategy Balanced) - A mix of 51% DJ Wilshire 5000 Stock Index, 30% Lehman Brothers Aggregate Bond Index, 10% 90-Day Treasury Bills, and 9% MSCI EAFE Index.

Custom Benchmark (Personal Strategy Growth) - A mix of 65% DJ Wilshire 5000 Stock Index, 20% Lehman Brothers Aggregate Bond Index and 12% MSCI EAFE Index.

Custom Benchmark (Personal Strategy Income) - A mix of 34% DJ Wilshire 5000 Stock Index, 40% Lehman Brothers Aggregate Bond Index, 20% 90-Day Treasury Bills, and 6% MSCI EAFE Index.

Performance Benchmark (Vanguard Total Stock Market Index) - DJ Wilshire 5000 until 4/30/2005, the MSCI U.S. Broad Market Index going forward.

Performance Benchmark (Vanguard Small Cap Index) - Russell 2000 Index until 6/30/2003, the MSCI U.S. 1750 Small Cap Index going forward.

EnnisKnupp GIC Index - This benchmark index is an average of the 2-, 3-, 4- and 5-year GICs as surveyed by T.Rowe Price.

Lehman Brothers Aggregate Bond Index - A market value-weighted index consisting of government bonds, SEC-registered corporate bonds and mortgage-related and asset-backed securities with at least one year to maturity and an outstanding par value of \$150 million or greater. This index is a broad measure of the performance of the investment grade U.S. fixed income market.

Lehman Brothers Corporate Bond Index - A market value-weighted index consisting of government bonds and SEC-registered corporate bonds with at least one year to maturity and an outstanding par value of \$150 million or greater.

MSCI All Country World Ex-U.S. Free Index - A capitalization-weighted index of stocks representing 48 developed and emerging country stock markets, excluding the U.S. market.

MSCI U.S. 1750 Small Cap Index - An index representing the universe of small capitalization companies in the U.S. equity market. This index targets for inclusion 1,750 companies and represents approximately 12% of the capitalization of the U.S. equity market.

Performance Benchmark (J.P. Morgan Capital Growth) - Currently the Russell Mid Cap Growth Index. Prior to January 1, 2002, the benchmark was the S&P 400 Midcap Index effective June 30, 1999, and the Russell 2500 Index prior to that.

60/40 Benchmark - A mix of 60% DJ Wilshire 5000 Stock Index and 40% Lehman Brothers Aggregate Bond Index.

Benchmark Descriptions

S&P Midcap 400 Stock Index - A capitalization-weighted index representing stocks chosen by Standard & Poor's, Inc. for their size, liquidity, stability and industry group representation. None of the stocks included overlap with those in the S&P 500 or the S&P SmallCap 600. Some stocks included in the Index are larger than those in the S&P 500 and some are smaller than those in the S&P Small Cap 600.

S&P 500 Stock Index - A capitalization-weighted index representing stocks chosen by Standard & Poor's, Inc. for their size, liquidity, stability and industry group representation. The companies in the S&P 500 Index are generally among the largest in their industries. Currently the Index comprises industrial, utility, financial and transportation stocks.

Russell 1000 Index - A capitalization-weighted index of the 1,000 largest publicly traded U.S. stocks by capitalization.

Russell 1000 Value Index - An Index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower I/B/E/S growth forecasts.

Russell 1000 Growth Index - An Index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher I/B/E/S growth forecasts.

Russell 2500 Index - A capitalization-weighted, small-cap stock index representing the performance of 2,500 domestic stocks. This Index represents approximately 22% of the domestic market. Its median market capitalization is approximately \$786 million.

Russell 2000 Stock Index - A capitalization-weighted index of the smallest 2,000 stocks in the Russell 3000 Index. The Index excludes the largest- and smallest-capitalization issues in the domestic stock market.

Russell 2000 Value Stock Index - A capitalization-weighted index representing those companies within the Russell 2000 Index with lower price-to-book ratios and lower I/B/E/S earnings growth forecasts.

Russell 2000 Growth Stock Index - A capitalization-weighted index representing those companies within the Russell 2000 Index with higher price-to-book ratios and higher I/B/E/S earnings growth forecasts.

DJ Wilshire 5000 Stock Index - A capitalization-weighted stock index representing all domestic common stocks traded regularly on the organized exchanges. The Index is the broadest measure of the aggregate domestic stock market.

APPENDIX II

Rank Descriptions

U.S. Equity Ranks - A broad Morningstar universe of 2,387 U.S. stock mutual funds.

Fixed Income Ranks - A broad Morningstar universe of 703 fixed income mutual funds.

Non-U.S. Equity Ranks* - A non-U.S. equity universe calculated by Mellon Analytical Solutions. The universe includes 78 non-U.S. stock managers with an aggregate market value of \$306.8 billion.

*Data as of 12/31/07